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EMPLOYMENT AND TRAINING POLICY, 1982

ORIGINAL

JOINT HEARINGS

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT
AND PRODUCTIVITY

OF THE

COMMITTEE ON
LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

AND THE

SUBCOMMITTEE ON
EMPLOYMENT OPPORTUNITIES

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-SEVENTH CONGRESS

SECOND SESSION

ON

EXAMINATION OF THE JOB TRAINING PROGRAM

MARCH 15 AND 16, 1982

PART 1

COMPLETED

Printed for the use of the Committee on Labor and Human Resources
and the Subcommittee on Employment Opportunities of the House
Committee on Education and Labor

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I

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EMPLOYMENT AND TRAINING POLICY, 1982

MONDAY, MARCH 15, 1982

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES OF THE HOUSE COMMITTEE ON EDUCATION AND LABOR, AND THE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY OF THE SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES

Washington, D.C.

The subcommittees met, pursuant to notice, at 9:15 a.m., in room 4232, Dirksen Senate Office Building, Senator Dan Quayle (chairman of the Senate subcommittee); and Congressman Augustus F. Hawkins (chairman of the House subcommittee) presiding.

Present: Senator Quayle and Representative Hawkins, Senators Kennedy and Hawkins, and Representatives Weiss, Corrada, and Jeffords.

OPENING STATEMENT OF SENATOR QUAYLE

Senator QUAYLE. The meeting will please come to order.

First of all, I want to thank Chairman Hawkins for his encouragement and support on having these joint hearings. I certainly feel that by both the House and Senate getting together that this will be the first step in a number of steps necessary to produce a training and employment bill that, in fact, will be signed by the President of the United States. It is my opinion that this will perhaps be one of the more important pieces or perhaps the most important piece of domestic legislation that will pass this Congress.

Let me say at the outset for those who are here that the committee will be operating under the 5-minute rule for Senators and Congressmen and also a 5-minute rule for panel members with the exception of the Secretary of Labor. Instead of rotating back and forth with Republican and Democrat, we will be rotating back and forth with Senators and Congressmen. I will try to take those that come in first on a first-come, first-served basis or the early-bird rule, as we commonly refer to it, as Members of the House and Senate appear.

It was just about 1 short year ago, on March 18, 1981, that the Senate Committee on Employment and Productivity conducted its first hearing, as a matter of fact my first hearing, on youth unemployment. At that time I stated, "I believe that we face no greater domestic challenge than that of preparing our youth for productive employment," and "I believe that the time has come for us to make a full-scale reevaluation of the Nation's employment and training policies." When I said at that time that difficult long-term choices would have to be made after careful study, hearings, and investigation, I knew full well the task ahead of us was a difficult one but one that was of utmost importance. The problem of the unemployed, underskilled, and unproductive workers in this country is among our most pressing domestic problems, but one in which there is bipartisan recognition of the need for effective action.

In my opinion, CETA is broken and it needs to be fixed. What was a modest training program in 1973 with funding at $2 billion grew into an uncontrolled monster by 1977 with funding at $12 billion, a 600-percent increase.

Though in the past CETA has been fraught with abuses, fraud, and mismanagement, it does not mean we should turn our backs on the plight of the needy and the unemployed. I say let us fix it.

There is an agreement in the Congress and the administration that there should be a Federal job training program for the uneducated and the unskilled. The rising tide does not lift all boats; we must caulk the leaking seams so that all have a chance to share in our prosperity. However, it is imperative to have a better program, instead of relying on existing legislation.

The Comprehensive Employment and Training Act developed major problems; most importantly, it lost its character as a job-training program and became, instead, an income-transfer program. It provided people with public service jobs and with allowances to help them with their living expenses but did not train them for permanent work. It became a good program to get into instead of becoming a good program to get out of because it led to real jobs in the private sector.

Along with this misplaced emphasis came allegations of fraud and corruption. There is no way of telling at this time how many of these allegations were warranted. Sufficient to say the allegations were so widespread that CETA lost all credibility as a program in the Congress and in the country.

Last month there were more than 10 million unemployed people in the United States. For most of the unemployed, employment will come with the recovery of the economy; their unemployment will have been merely a painful interlude between periods of productive employment. But even with economic recovery, there are large groups among the unemployed who cannot look forward to employment without special help. There are, according to the Commerce Department, about one-half a million jobs that have been lost in the automobile industry that will not come back even when automobile sales rebound.

The teenage dropout without work experience, the welfare mother with no training or skills, the over 1 million persons who found only intermittent employment insufficient to raise their family income to the poverty level, all these will not find a productive place in our economy unless they can be trained for the jobs which our economy will produce. In fact, even at present with an unemployment rate of 8.5 percent, there are jobs going begging in the economy because unemployed workers do not have the skills that are needed to fill these jobs.

We need a national job training program. The CETA program cannot be that program, and thus I have introduced a bipartisan bill sponsored by Senators Kennedy, Hawkins, and Pell, called the

Training for Jobs Act. It has a single purpose: to train people for jobs. It will concentrate on youth and the poor but with a strong component for workers in industries such as autos and steel who need retraining because they have no real chance of returning to their old jobs. Private sector businessmen will have a major role in determining how the program is run and what jobs skills are to be taught because they are, after all, the people who are going to do the hiring. The Governors will determine how the program is administered in the States because they, rather than the Federal Government, are most knowledgeable about the economy of their State. But, most important, the program will be clear in purpose and oriented toward results. We will measure performance by how much participants increase their earnings, and programs that do not produce earnings gains for participants will be reorganized so that the taxpayers can be assured that they are getting the results they are paying for.

The Training for Jobs Act with its inherent flexibility and encouragement rather than confrontation with the private sector are the principles necessary for a successful program rather than one doomed for failure.

I look forward in these next few days of hearings and to the witnesses' responses to the training bills offered to date. There are some rough spots that need to be ironed out, and I am hoping that this can be accommodated quickly and to the satisfaction of most. The current CETA legislation expires in 6½-short months. I believe we are up to the challenge of coming forth with a replacement bill on time. With the assistance, cooperation, and support of all persons here today, and with the spirit of compromise running high, I believe we are up to the challenge.

There are a number of bills before us. There is no doubt there will be a spirit of compromise as we move toward a resolution on training and employment. I am gratified that not only the Senate Committee on Employment but also the House Committee on Employment, chaired by the distinguished Congressman from California, have come forth with legislation and have basically said we are going to have a training program. Now in these 4 days of hearings we will have testimony on the bill that I introduced with Senator Kennedy; we will hear testimony on the administration's bill, the Hawkins bill, the Jeffords bill, and a number of other comments and proposals that will be forthcoming.

With that, I turn to a person who has been a long-time champion on employment, someone who understands the programs and who has always had the courage and the conviction to speak up for those who are unemployed and the disadvantaged, someone who has had an intense interest in this area and someone whose expertise we all admire. It is my pleasure to welcome Chairman Hawkins here today and to thank him for his cooperation. We look forward to a fruitful partnership as we move forward.

Representative HAWKINS. Thank you, Senator Quayle. The House Subcommittee on Employment Opportunities is pleased to join with the Senate Subcommittee on Employment and Productivity in these joint hearings.

I am confident that the spirit which you and I have demonstrated in the past as chairmen of these respective committees will move us more closely together as these hearings develop. We are pleased to enter into a spirit of accommodation and cooperation with you.

I think the urgency of a bill is certainly beyond any question. The current situation which is prevailing and which has prevailed for more than a year, I think, cannot be disputed. It is evident that the problem goes beyond a consideration of a few youth in the country. It has become more extensive. We now have the problem of the dislocated worker and those who are also undertrained, many of whom because of technology are losing their jobs. The suffering is widespread. In my humble opinion, it is not being recognized as an urgent problem. Human values have been thrown overboard in favor of so-called budgetary considerations.

We are constantly being told what cannot be done because of fiscal restraint and the budgetary situation, as if putting people to work in productive jobs at decent wages—in which they will be paying taxes rather than drawing unemployment compensation or being on welfare and drawing all of the other expenses that go with social security, food stamps, et cetera—is the cause of our current economic mess. I think that it is pretty obvious that it is not the unemployed who should be blamed but decisionmakers who have lost compassion for the suffering of human beings.

The committee which I have the honor to head has not arrived at its position overnight. Since 1962, we have sought an employment policy for the Nation. This country is alone among the industrialized nations of the world without an employment policy. We evolved from the MDTA, through Emergency Employment Act, and other manpower programs to the comprehensive employment and training program. During the Nixon administration we were asked to decentralize the program, to turn it over to local people and local elected officials. We did so during that administration. Now it is pretty obvious, with that many officials involved in the act, that we could have abuses in the program. In 1978, in response to the allegations of fraud and abuse, we strengthened the current law, the Comprehensive Employment and Training Act, in the direction of eliminating these abuses. We adopted every suggestion that was made. In my opinion, today the Comprehensive Employment and Training Act, as amended, is the most regulated Federal program that we have. If there are local abuses, there is ample power in the act for those at the Federal level to allocate the money to do something about it. So, I do not believe that we should look at this program as a failure, but a failure of human beings, a failure of Federal administrations not to enforce the act.

However, it is true that since January of last year, the unemployment rate has been rising. It is becoming worse. Every aspect of unemployment is worsening. It is obvious that today we have 9.6 million unemployed individuals officially, 5.6 million who work part time, and another 1.2 million who are discouraged. This does not even count those who are involved in illicit activities, a number which is increasing because individuals are being forced into illicit activity as a result of lack of compassion.

So, we have today more than 16 million Americans who are looking for jobs.

We have before us several proposals: the Jeffords bill, the bill that you have authored, Senator Quayle, and the bill which I have introduced. These bills, I think, have great room for accommodation. The administration's proposal, in my opinion, would phase out funding in 5 years and is headed in the wrong direction; that is, in the direction of a complete abdication of Federal responsibility.

I look at this somewhat in a personal way. I served in a State legislature for 28 years. During that long time we were told that we could not accomplish the solutions to the problems because Federal policies are made in Washington by macroeconomic policies, by the taxing power, by the power to set the interest rates through the Federal Reserve system, and so on. There was the trade policy. There were the immigration and naturalization policies. There was the Federal responsibility in the field of employment and training, and so on.

I am amazed, having served in this body for 19 years, that some would like to see manpower programs turned over to State control. I wonder why some of us struggled so hard to become Members of Congress, even to become President, only to abolish the very system that we strived so hard to be a member of. In my opinion, the States are either unable or unwilling to assume the responsibility. Certainly, the Governors alone cannot do it. I am wondering what the State legislatures are going to do.

For more than a year, over one-half of the States have been grappling to even carve out districts from which we would run. Over one-half of them are still grappling with that problem. Now, certainly this is a far more difficult problem to handle. I cannot see how the Governors of the States, without the assistance of the State legislatures, will do a better job than local officials who are closest to the people.

So, I hope that we will not spend these days being told that we cannot do this and we cannot do that because of fiscal restraint or because of the current budgetary situation when we are spending $2 billion a month on unemployment insurance and $1 billion, certainly a day, on defense. We are spending billions on tax cuts and welfare payments and so forth. It seems to me that to spend less than $6 billion, which I think is rather meager, on trying to put people to work is a small investment in human resources.

I certainly hope that it will be in that spirit that we will listen to the witnesses and arrive at some accommodation. Thank you very much.

Senator QUAYLE. Without objection, Mr. Hawkins, your written statement will be inserted.

[The prepared statement of Mr. Hawkins follows:]

AUGUSTUS F. HAWKINS

INTRODUCTORY REMARKS

JOINT HEARINGS OF THE HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES AND THE SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

MARCH 15, 1982

The House Subcommittee on Employment Opportunities is pleased to join with the Senate Subcommittee on Employment and Productivity in these important joint hearings.

The employment and training proposals before us offer a workable basis to enact an improved and more effective comprehensive job training program when the Comprehensive Employment and Training Act expires in September of this year. At least three of the proposals are aimed at continuing the Federal commitment in this field so vital to a sound economy in a rapidly changing world. The Administration's proposal in contrast would phase out funding in five years - an abdication of Federal responsibility.

Indisputably, we are in a national economic crisis, of which unemployment is the most vital and aggravated problem. Almost all aspects of unemployment - the numbers, duration and severity - are worsening; a record-breaking 5.6 million "partially unemployed" are added to 9.6 million fully unemployed and over 1.2 million "discouraged workers". In addition, an untold number of individuals are involved in "illicit" activities although counted as "employed". Current economic policies insure that the official unemployment rate -- which has been in the 7 percent and over range since April 1980 - will continue at high levels for several years. They pose a serious threat in the forms of abject poverty, crime, potential civil disorders, and deficiencies affecting our national defense preparedness.

Consequently, it is foolhardy to renounce - as the Administration is proposing we do - our Federal commitment to the fullest development of our employment, education and training system. To the extent that such action is based on the premise that private employers are adequately equipped and willing to train people in the skills necessary in the Nation's economy undergoing a basic transition , it is either mythical or politically deceptive.

Since well-constructed reforms in 1978, the CETA system - despite the fact that it has been systematically maligned - has overall produced cost-effective results and a host of good models in various areas where public and private citizens were committed to its purposes and devoted to serving well their communities. Where CETA has not worked, it has not been due to badly conceived programs but instead to administrative problems which in most instances could have been corrected by Federal oversight and assistance.

We should build on these demonstrated strengths while making further improvements through better linkages with education, the Employment Service, private sector involvement, community-based organizations, the Work Incentive Program (WIN), tax incentives, and economic development.

I am strongly committed to the propositions of reasonable funding of job training programs and to the inclusion of the needs of displaced workers as well as those who are now underutilized. While the economically disadvantaged must of necessity, be emphasized, that alone is not enough. To justify a poorly-funded program on the basis that it is highly targeted is defeatism in advance. The Administration's proposal is clearly the first phase of its so-called New Federalism designed as a transition to zeroing out federal funding of training efforts, thus forcing people to depend on welfare, unemployment insurance, and the dual labor market for survival.

Funding level authorizations are a major issue in all the bills, but actual funding will be determined in the appropriations bills, based on conditions prevailing at the time. It is obvious that high levels of unemployment and sluggish economic conditions will not materially change soon, despite the Administration's professed optimism.

President Reagan has admitted that each increase of one percent in the unemployment rate results in $25 billion in lost revenues and increased social spending for the Federal Government. That is a very conservative estimate, and does not include $6 to $8 billion of revenue loss to states and local governments for each one percent of unemployment.

If we calculate "excess unemployment" above 4 percent, the differential between that rate and the rate for example, of 8.5 percent (the actual rate in February was 8.8 percent), we find that over $100 billion is being lost due to high unemployment. That's one reason we're talking about a Federal budget deficit of such a large magnitude.

Also, on the cost issue, outlays for unemployment compensation have been escalating since October 1981, despite extremely restrictive provisions added last year to that program. Outlays are now approaching $2 billion monthly, just a wee bit below what the Administration is authorizing for an entire year in its total job training bill. Therefore, I suggest that we could avoid such high spending on unemployment insurance, welfare and dependency programs, if we instead would invest in human resources where the yield to be gained is productive members of society who pay taxes and produce much-needed goods and services.

Under my proposal, local governments, in conjunction with private industry councils consisting of representatives of business, labor, education, etc., would design and determine funding of training programs intended to lead to job opportunities in the private sector.

The thrust of my proposal is to provide local flexibility, together with incentives to coordinate services of appropriate state and local agencies. Linkages would be based not on mandates, but incentives. Federal performance standards would provide necessary accountability for results.

The states should have a prominent and clearly-defined role to play, particularly to assist in developing linkages among state and local agencies. Their chief executives, however, should not be burdened with the added responsibility of serving as the middle-man in the job training system, presiding over an extra bureaucratic layer which would surely exacerbate relationships with local governments creating unnecessary conflict, duplication, and waste. Nor should we accept the New Federalism scheme to turn over to the states existing Federal obligations which they will not be able to fund adequately.

The primary sources of strength in education, employment, and training (assuming proper national economic policies) are at the local level. It is that we find the functions, knowledge, and leadership to make things work: utilization of educational facilities, welfare offices, local businesses and labor, community-based organizations, offices providing placement and referral services and the general infrastructure of local governments. In stark contrast however, making these local governments the lowest level participant in a three-way bureaucratic tug-of-war would render them ineffective in serving those for whom the programs are intended.

I hope these hearings deal with what we can do -- not with what we can't do. Recently, too much emphasis has been placed on "fiscal restraint" as if putting people to work is the cause of our huge budget deficits.

Our mission should be to strengthen our job programs and streamline their delivery system in terms of what is cost-effective and socially desirable. We should rule out the recommendations of those who use the "fiscal restraint" argument as an excuse to abdicate Federal responsibility. To leave employment policy to the determination of the Office of Management and Budget is to doom the economy.

Senator **Quayle**. Mr. Weiss?

Representative **Weiss**. Thank you very much, Senator Quayle. I want to associate myself fully with the remarks of Chairman Hawkins. I agree wholeheartedly that the prime effort of these committees ought to be focused on employment and training programs. It is, to a great extent, reassuring and, I think, significant that at least one branch of Government continues to recognize the obligations that the Federal Government owes to the people of this Nation. It is, nonetheless, disappointing that the executive branch has decided, in the words of the chairman of our subcommittee in the House, to abandon the people who are unemployed and dislocated.

Without repeating any of the prior statements, I want to focus on two items which I do not think are going to be the focus of our attention in the course of this legislation. But I am convinced that, after we get through adopting employment and training programs, that we will also have to focus on providing work beyond that for people who will not be covered by those programs no matter how we fund them. So, I am hopeful, again, that both the executive and legislative branches will recognize the desperate need out there. It is essential that very, very soon we begin to plan to establish a structure for countercyclical public works projects that enables all levels of Government to rationally plan necessary public improvements and infrastructure improvements so that they can be rapidly undertaken during periods of rising unemployment such as the one we face right now.

According to a recent study called America in Ruins, one of every five bridges in this country requires major rehabilitation or reconstruction. Many of our harbor facilities are unable to service efficiently world shipping coming to American docks. The 756 largest urban areas will require between $75 and $110 billion over the next 20 years to maintain their water systems. Over $40 billion should be spent in New York City alone during the next 5 years to repair, service, and rebuild basic public infrastructure. Over $25 billion will be required during the next 5 years across the country to meet current water pollution control standards.

So, it is not as if the work were not there to be done. It is in this time of economic crisis that we ought to be undertaking the programs to do that work.

By the same token, we hear a great deal of criticism about public service employment programs. I believe that countercyclical public employment programs should be reestablished to serve as employer of last resort for people who have exhausted their unemployment insurance benefits and phased out gradually whenever unemployment rates decline to below a specific level.

In a society in which the work ethic is so widely and strongly held, we must not neglect public employment programs especially as the unemployment lines lengthen. Thank you very much.

Senator **Quayle**. Mr. Corrada?

Representative **Corrada**. Thank you, Senator Quayle and Chairman Hawkins.

As we begin these 4 days of joint hearings on employment and training policy, I would first like to commend my colleagues, Chairman Hawkins and Senator Quayle, for the excellent exchange they have maintained throughout the preliminary work on these bills. I think we all agree that unemployment stands as one of the most serious problems affecting our economy today and that the Federal Government must take positive steps to provide relief for those who find themselves trained for jobs which no longer exist or simply are underskilled and out of work.

We have before us four bills which address this issue, each with its own emphasis and its own merits. It is my hope as a member of the House Subcommittee on Employment Opportunities that these 4 days of hearings will present evidence to guide us in our attempt to consolidate the proposals into one viable statement of Federal policy toward employment and training.

Let me also say as a Hispanic I am doubly concerned as to the outcome of this legislation. Whereas national employment figures for February reached 8.8 percent, Hispanic Americans suffered 12.6 percent unemployment. Hidden behind this figure is the fact that the increase in unemployment among Hispanics is accelerating at a faster rate. The jump between January and February alone was a full 0.6 percentage point. Unemployment in Puerto Rico is at a staggering level of 22.4 percent. We had been able to reduce it from 21 percent to 17 percent between the years 1977 to 1981, with CETA an important element in that effort against unemployment in our island. Since January 1981 to January 1982, unemployment in Puerto Rico has gone up from that 17 percent to the current 22.4 percent.

We must remember that these are the official figures, which do not include discouraged workers or those involuntary working part-time groups, which adds several points to the unemployment figures.

At the national level, when we consider that the median income for Hispanics in 1979 was $8,380 compared to $10,935 for all U.S. males and that only 8.5 percent of Hispanics in the labor force held professional or technical jobs, it is apparent that Hispanics as a group suffer first at the hands of a poor economy and are the most benefited by training assistance.

Although I realize that the focus of these hearings is on the technical components of the legislation, it is crucial that we also insure that the final legislation package be supported by realistic funding levels. It is unfair to declare a national policy toward employment training while limiting its monetary scope to a small proportion of the eligible population.

I look forward to these hearings and to our coming out with a strong Federal policy committed to getting Americans, Hispanics, blacks, and all those who want to work a job. Thank you, Mr. Chairman.

Senator **QUAYLE**. Mr. Jeffords?

Representative **JEFFORDS**. Thank you, Mr. Chairman. First of all, I want to commend you and the chairman on the House side for holding this very needed series of hearings. It is clear that the broad range of employment and training issues raised by the introduction of four legislative proposals has generated significant interest and deserves to be discussed and openly debated. Although these hearings are only a part of the process, this forum is a very important one.

I believe that these joint Senate-House hearings signify to the administration, to the Congress as a whole, to the public, and, most of all, to the participants and potential participants of employment and training programs that the members of these two subcommittees have a firm commitment to the development of a strong bill that will clearly define employment and training policy in this country. We have an unusual opportunity to review and examine the existing programs and, based on what has been successful in the past, to build a structure that will accommodate and coordinate training programs into an effective and efficient delivery system.

To be limited by tunnel vision now will merely sustain the scope of current programs. Although we must be realistic about the funds available for this program, objective assessment of the needs, requirements, and goals of a training system must be made.

Some of the elements of such a system are these: Obtaining more substantive involvement of the private sector; requiring, to the extent possible, consolidation or joint planning of duplicative and complementary programs to improve efficiency and effectiveness; working more closely with mainstream educational institutions at the State and local level in order to improve student outcomes especially with respect to basic skills; designating appropriate governmental responsibilities; utilizing a building-block approach in the development of human capital; and establishing performance expectations that are meaningful, measurable, achievable, and accepted outside of the system.

Calling for change does not mean a lack of support or belief in the present system. What it represents is a recognition that the pressures external to the system, such as the economy, the drive for a balanced budget, the deplorable unemployment situation, the need for a more highly skilled work force, and the increasing gap between the skills with which youth exit the school system and those required for entry into the labor force will not tolerate a maintenance or status quo posture.

We must seek ways to strengthen and broaden support for a training system. CETA did not have this kind of support, yet only

12 percent of those questioned in a recent Gallup poll felt that funding for job training programs should be cut. The challenge we face is to develop a program that is capable of training the unemployable for employment, of helping the employable find employment, and of assisting those who possess basic skills in obtaining adequate employability skills.

I look forward to the formal testimony that we will receive during these hearings, but expect that the informal exchange of information and ideas will extend beyond the scope of these 4 days. I am confident that the result of this process will be a sound piece of legislation that will embody the best of the current system yet capture the potential for an even better program for the future. Thank you, Mr. Chairman.

Senator QUAYLE. Thank you. Senator Kennedy, before you came in, I referred to the fact that just about a year ago we had hearings on the extension for 1 year of the youth employment and training program legislation. This is certainly a follow-on to that. I just want to say that, if it had not been for the immense contribution of Senator Kennedy personally, that program might not have gotten through; and we would not be where we are today.

He has given us leadership and advice on going forward with this legislation. I just want to thank you, Senator, at the outset as we go into these hearings and through the legislative process to get a training and employment bill. You have been a long and articulate advocate for the disadvantaged and out of work.

I have certainly enjoyed, in my short 1½ years in the Senate, working with you. It has just begun. Thank you.

Senator KENNEDY. I hope to have 6 more years to continue that relationship. Thank you very much, Chairman Quayle and Congressman Hawkins, and my colleagues in the House.

I, too, want to express appreciation, as a member of the Human Resources Committee and one who has been involved in youth training programs and also in the problems of unemployment for some period of time, to Chairman Quayle and Chairman Hawkins for these hearings. Congressman Hawkins' name is well understood across the national landscape as one of the really outstanding figures, if not the most outstanding figure, in the House of Representatives on the issues of employment and unemployment and of job training and youth training programs. He is vitally concerned about the role of unemployment in the state of our economy.

I have had the opportunity of sitting with him in a number of different conferences when both the Human Resources Committee and the old Labor Committee and the Labor Committee of the House of Representatives worked out programs in the past. Now he has again brought before the Congress the benefit of his knowledge and skills. Although there are some important differences between the approach that Congressman Hawkins brings, the differences, I think, are much less significant than the areas in which we can find agreement with the proposal that Senator Quayle and I have introduced here in the Senate.

At the outset, I do want to commend Senator Quayle for his interest in this issue. As a freshman Senator and as a chairman of an important subcommittee, he has been relentless in pursuing, through hearings across this country, the issue of job training programs. His record that has been built over a period of months on the job training programs has made a very important contribution to our committees' understanding of the problem.

There were not many voices a year ago that were endorsing this kind of initiative. Senator Quayle was a lonely voice for a good many months. Now he is joined by many in the Senate. And now we commence these hearings. I just want to express my appreciation to the outstanding job that he has done and his willingness to accommodate the interests of other members of the committee. I am sure that if Senator Quayle was introducing just his own bill, it might be a somewhat different structure. If I were introducing one, my own, it would be a different structure. But I think that, working together in a bipartisan way, we have been able to put forward in the Senate a positive response, although a measured response, to the problems that we are facing in the area of unemployment and particularly unemployed youth and unemployed individuals who need the skills to compete in our economy today.

A few of us in the Senate had a chance recently to hear a number of unemployed workers tell their own stories. We heard from H. D. Bush of Forestdale, Ala., a young steelworker with two small children. Mr. Bush has been out of work for almost a year now. He used to hunt for sport. Now he hunts to put meat on the table for his family.

Curt Flowers is 19 and trying to find his first job. He has read the want ads in Philadelphia papers, but there is nothing for him. He is worried about his friends who have turned to crime. He says they did not start out bad, but they and their families are hungry.

Monica Mitchell lives in Ypsilanti, Mich., and is raising a 9-year-old daughter alone. She has been out of work for almost 2 years. Her unemployment has run out. She told us that last Christmas her daughter offered the savings of her piggybank to buy presents for the family.

These men and women have searched the want ads and pounded the pavement. They know that most jobs today are only available to people with skills. Without specialized training, they cannot qualify as computer programers, or medical technicians, or machinists.

If anyone doubts this, all they have to do is look through the want ads in the newspaper here yesterday. You just see line after line, page after page of the types of needed skills. Persons are wanted but for the types of skills that are necessary: starting with data processing, dental hygienist, dental assistant, dental receptionist, lab technicians, dieticians, medical clerks. Just page after page after page. Electricians, all the way across the 8 to 12 pages here.

The jobs are there, but the skilled individuals are not. They are pounding the pavements. They are receiving their unemployment checks. The food stamp programs and other programs are enormously costly in financial terms and are costly in human terms in the loss of self-value and self-worth.

The object of this legislation is clearly to try and provide skills to these people so that they can provide for themselves, for their families and get off of the unemployment rolls and off the welfare rolls.

Today we are here with a different message for these men and women. We all recognize a sound economy is the best employment program. We also know that workers must be equipped with the education and skills they need to compete for jobs in a changing economy. Where we may disagree on the means, we all believe that investment in human capital is essential if we are going to get this country moving again.

We have learned from past experience. We know that training the disadvantaged is a good investment. It makes taxpayers out of tax users. It raises the Nation's productivity. It is the best kind of supply-side economics because it is not just investment in tools and robots but investment in people, too.

We have learned that Government cannot do it alone. Washington must work with the States and local governments in this effort. Business must be brought in as a full and meaningful partner. We know there is no payoff in paying workers for jobs that do not exist. That is where business can make its contribution. CEO's can work with local officials to help decide what jobs to train for, design the training programs for those jobs.

I think, Mr. Chairman, as I have mentioned to you before, we have an almost perfect model for this up in the Springfield skills center in Springfield, Mass. The small business community is working with that skills center. Milton Bradley, one of the most successful toy manufacturers in this country, is very actively involved in that center, as are the other small businesses in that community. The placement level from that center is really outstanding. It approaches the 90-percent mark.

In return, they will reap the benefits of qualified employees who businesses all too often cannot find today.

We have a number of proposals before us. I look forward to working with you, Mr. Chairman, and our colleagues in the Congress in fashioning a sensible, responsible, and meaningful program that can help our Nation respond to this most urgent need.

Senator QUAYLE. Thank you very much, Senator.

The first witness this morning is the Secretary of Labor, Ray Donovan. Welcome, Mr. Secretary. You have your friends with you. Welcome, Mr. Lovell, Mr. Angrisani, Mr. Jones, the whole group.

Mr. LOVELL. It's a training program.

Senator QUAYLE. A training program, OK.

Mr. LOVELL. OJT.

Senator QUAYLE. OJT? Do you qualify for that?

Mr. LOVELL. When you're over 60, yes.

Senator QUAYLE. When you're over 60, OK. I'll remember that. I'll remember that as we get into this qualification situation, Mr. Lovell. I'm glad you're on record.

Mr. Secretary, it is a pleasure to have you before the committee. Please proceed with your testimony.

STATEMENT OF HON. RAYMOND DONOVAN, SECRETARY OF LABOR, ACCOMPANIED BY MALCOLM LOVELL, UNDER SECRETARY OF LABOR; ALBERT ANGRISANI, ASSISTANT SECRETARY OF LABOR; AND BOB JONES

Secretary DONOVAN. Chairman Hawkins, Chairman Quayle, and members of the subcommittees, I appreciate the opportunity to discuss with you today the administration's new job training proposal. I would like to compliment you on your very prompt and thorough consideration of the issues attendant to such new legislation, as exemplified by the numerous preliminary hearings already held, by the early introduction of your several bills, and by these joint hearings this week.

The President shares your concerns and has expressed his commitment to the development of an effective job training system for preparing the most disadvantaged members of our society for productive employment. An effective training system will not only help these individuals lead fuller and more productive lives but will also help reduce welfare and other income support costs, lower the unemployment rates for specific groups in the labor force, and contribute other benefits to our society.

The administration's proposal, introduced last week by Senator Quayle and Senator Hatch, is designed to meet these needs and to meet them within the context of the President's New Federalism Initiative. As you know, this initiative is motivated by: A desire to restore the constitutional balance between Federal and State Governments; a need to reduce the growing number of categorical Federal programs, which are encumbered with too many conditions, regulations, and requirements; and a belief that States and localities are more responsive to the needs of program beneficiaries.

The administration's job training proposal was developed with these themes in mind. It devolves to the States functions now carried out by the Federal Government. It reduces the number of categorical grants by consolidating similar programs. This in turn will reduce regulations and Federal staffing requirements. Finally, it places responsibility for planning and administering training programs with States and local labor markets and gives them the flexibility to design programs that are truly responsive to the needs of their areas.

In developing this proposal, we have consulted over a considerable period of time with a wide variety of organizations and knowledgeable individuals. We believe this effort has paid off, and we are pleased with the strong support that has been expressed for the principles embodied in the administration's proposal.

As way of background, before turning to our proposal, I would like to offer a brief background. There exists today a significant body of knowledge and experience on training and employment programs, going back to the Manpower Development and Training Act of 1962, proceeding through the variety of categorical programs implemented under the Economic Opportunity Act of 1964, and ending up with the Comprehensive Employment and Training Act of 1973 and its many subsequent amendments.

During this period, the Federal Government has experimented with a variety of training and employment programs, serving many different target groups. Some of these programs have worked well; others have not. In general, though, we do not believe that the vast amount of funds that was spent on the programs was effectively spent.

Over the past 7 years, about $53 billion has been spent on CETA, and millions of individuals have enrolled in CETA programs. However, these programs have resulted in only 30 to 40 percent of the persons served being placed in unsubsidized jobs, with only 15 percent being placed in jobs in the private sector. Moreover, the program overall has had only limited impact on the earnings capability of participants, as measured by the actual pre- and post-enrollment earnings.

Clearly, there is a need to overhaul substantially the CETA program to deal with the major specific problems that these and earlier hearings have recognized. These problems illustrate the need for and indicate the direction the reform should take.

One problem is that because there are so many different policy objectives and targeted groups under CETA, there does not exist a consensus about what the programs should be expected to achieve. The absence of clearly established output expectations inhibits performance assessments and adjustments in the design and delivery of services at the State and local levels.

A related problem is that the attempts under CETA to serve the widely divergent needs of different individuals from several different groups have led to delivery strategies that emphasize short-term, low-quality services that do little more than provide some income maintenance while the individuals are enrolled. As a result of these strategies, the accomplishments of the program, in terms of long-term, private-sector job attachment, are limited.

A third problem is that, although employment in the United States is overwhelmingly in the private sector, business involvement in planning and training under CETA has been quite limited. This has led, at least to the perception, if not the reality, that training and employment services do not relate directly to the needs of employers and do not adequately prepare participants for regular unsubsidized jobs. As a result, many CETA programs obtain only limited access to openings in the private sector for their participants.

A fourth problem is the excessive administrative complexity that has been imposed by the CETA legislation and by Federal requirements. Too much regulation restricts the flexibility of State and local officials in the targeting of resources and design of programs to meet local conditions. Multiplied by the large number of grantees, service deliverers, and special purpose programs, administrative demands currently consume inordinate attention and a disproportionate amount of a shrinking resource base.

The complexity of the delivery system also results in much duplication and overlap of programs and services. Thus, many CETA programs provide similar services to the same clientele groups. For example, the disadvantaged youth population is served under CETA, titles II, IV–A, and VII, and by the summer youth program and the Job Corps. Many of these programs have essentially the same purpose, but they are administered as separate grants or run as separate programs.

Having briefly described some of the problems with the current system—a list I know you could add to—I would now like to state the principles which underlie the administration's proposal. These principles are designed specifically to address the problems I have noted.

The first principle is that we must focus on the truly disadvantaged. In general, eligibility will be limited to the disadvantaged out-of-school youth and the young adult population and welfare recipients. There are many millions of such individuals who have left the general education system but who still lack the skills to compete in the labor market and who have the desire to attain such skills. These are individuals who require basic skill development before the private sector can absorb them in unsubsidized jobs and provide additional training and advancement. Our research and evaluation studies have shown that these most disadvantaged groups benefit the most from training programs.

Although the guiding principle is that we must tightly focus our resources rather than providing very few services for a broad spectrum of the population, there is some flexibility in the bill for serving other target groups. While the bill does not attempt to offer a long-term solution to the problems of displaced workers, their needs are specifically addressed in several places in the bill. Likewise, the bill allows some flexibility for serving other groups, including in-school youth, older workers, and veterans.

A second guiding principle in our proposal is that private sector partnership in the training system should be achieved. The partnership must be both in the planning and design of the training programs and in the actual provision of training and other services. Because the ultimate objective of training programs is the placement of participants in private sector jobs, business must be involved at every stage to insure that the programs meet their specific needs. As you know, all too often in the past, training was provided for jobs that did not exist. We believe it is important to take advantage of the fact that most financing, facilities, and expertise for job-specific training reside with business and industry. Furthermore, the fruits of private sector involvement have been demonstrated by the private sector initiative program under CETA and by past efforts to utilize the private sector in training programs for the disadvantaged. Finally, we do not believe that private sector involvement should be limited to participation in the design and delivery of training. The next step is to encourage employers to hire the individuals who have been provided the training.

Therefore, I am pleased to be able to announce today that the administration will propose an extension of the targeted jobs tax credit legislation. As you know, TJTC offers employers tax advantages for hiring those who are eligible for and have participated in CETA programs. This means that for the first time employers will have full incentives to work with the disadvantaged, from the planning of training programs, through the provision of that training, to the hiring of the trained individual. We believe that this more positive atmosphere for a partnership with the private sector will result in many more of the disadvantaged being moved into productive, private sector jobs.

A third principle underlying the administration's proposal is the focus on training. This principle is manifested in several ways. First, only training and supportive programs are authorized in the bill; public service employment and work experience are not. We believe this decision is supported by studies which have found training programs to be the most effective in terms of longrun payoffs for participants and the society.

Another aspect of this training focus is that much more of the resources are devoted to actual training, as opposed to income maintenance. In recent years in the major training titles of CETA—II B/C, IV-A, and VII—less than 20 percent of total dollars have gone directly for training and education. Allowances for persons in training and wages for persons in work experience projects have consumed about 44 percent of available resources. Remaining funds have been used for administration and for employability and supportive services. The administration's proposal does not allow allowances or stipends to be paid. Our experience has found that successful training can be accomplished without the use of allowances or stipends.

Finally, there is an emphasis in the bill on training for occupations where there is a shortage of skilled workers. During the remainder of the decade, training programs must deal with two trends in the labor market. On the one hand, there will be a change in the types of available jobs, with a growth of jobs in technological occupations. On the other hand, there will be changes in the labor force; in particular, there will be fewer new entrants to the labor force. This will make appropriate matching of jobs with potential workers increasingly important, as it will the preparation of those who are not yet ready with sufficient skills so that they can enter the job market.

A fourth principle of the administration's proposal is its focus on program performance, both by an overall emphasis on performance outcomes, and by the specific requirement for developing performance standards. This focus will increase accountability for public funds. It will develop a common awareness at all management levels of expected performance. It will provide a firm basis for identifying performance shortcomings and management and technical assistance needs. It will be used as a means of allocating funds to areas which demonstrate exemplary performance.

Finally, by providing a valid basis for judging the adequacy of State performance, performance standards will serve to limit unnecessary Federal interventions into the internal management of the decentralized program.

A fifth and final principle which I wish to address is the labor market focus of the administration proposal. Under the bill, many responsibilities formerly carried out by the Federal Government will devolve to the States and local labor markets. Instead of the Federal Government establishing uniform and rigid program guidelines for localities across the country, as is done under the current system, States will work with local labor market areas to develop programs best suited to the needs of their areas. Local government officials will be heavily involved in the decisionmaking process, as will the private sector, through their membership on the local council. We believe there is a positive role for local officials in the training system. But we also believe that the programs must be operated as a partnership with the private sector, and the programs must not be constrained by the boundaries of single political jurisdictions in a labor market.

At this time I would like to briefly outline the administration bill and mention several specific provisions.

Title I of the bill contains provisions relating to job training grants, including the membership and functions of the State and local councils, allowable activities, and program eligibility requirements. It provides for the establishment of service delivery areas within each State with the requirement that any political jurisdiction of 500,000 or more may be a service delivery area if it wishes. At least 75 percent of the funds must be used directly for classroom and on-the-job training, necessary remedial education, job search and placement assistance. Administrative costs are limited to 15 percent and supportive services to 10 percent. Those eligible for the program are welfare recipients and disadvantaged younger people between the ages of 16 and 25 who are no longer in school.

Because some flexibility is required to deal with particular individual and group problems in the various States and localities, up to 10 percent of the funds may be used to enroll other persons or groups such as in-school youth, older workers, and displaced workers. Moreover, in States with severe displaced worker problems, an additional 5 percent of the total funds may be used specifically for displaced worker services if the State matches this dollar amount.

Title II specifies the responsibilities of the Secretary of Labor. These include maintaining sound management of the program through establishment of performance standards, corrective actions, and technical assistance. Nationally administered special programs for Indians, migrants, and seasonal farmworkers, older workers, veterans, and other special target groups are authorized. This title also contains provisions relating to research and evaluation.

Title III transfers authority for the Job Corps to the Job Training Act. Title IV establishes a National Commission on Training and Employment. Title V contains general administrative provisions, including, among other things, provisions governing nondiscrimination and transition to the new system.

Mr. Chairmen, this concludes my prepared statement. I look forward to continuing to work with both of your committees as we proceed to develop a more effective system for training the most disadvantaged members of our society for productive employment. At this time I would be pleased, as would Under Secretary Lovell on my left, Assistant Secretary Angrisani on my direct right, and Bob Jones, our Administrator of the Office of Management Assistance of ETA, to answer any questions you may have.

Senator QUAYLE. Thank you very much, Mr. Secretary. In these brief moments within 1 hour's time, we now have a commitment from a bipartisan group in the House of Representatives, a bipartisan group in the U.S. Senate, and the administration that we have to do something about our training program. It certainly sends a very definite message to me and others that we are in fact moving toward getting a comprehensive national training program.

I think that that is the most significant aspect, in these early hours of the hearings, that we have achieved, and quite readily.

Mr. Secretary, there are a number of things that I wholeheartedly endorse in your statement. I think it is a very fine and commendable statement. First of all, you talk about the current CETA program needing reform. I certainly believe that.

Second, you say we ought to focus on the disadvantaged. I certainly support that. This is a program that we need to focus in on the disadvantaged, more particularly the disadvantaged youth.

I am heartened that your proposal also goes with the displaced worker, which is a relatively new phenomenon in our transitory society today.

Third, you emphasize the private sector partnership. It is about time that our officials from the Federal Government, particularly from your esteemed level of Secretary of Labor, emphasize the role of the private sector.

You say basically there are two things that you emphasize. One is training, which I think it should be. It is a training program. Let us not get into another income maintenance program. Let us talk specifically about training. I wholeheartedly concur.

Finally, you talk about program performance. I believe that that approach will certainly be very well received news not only in the Senate but also by Congress and the American public as well.

I was interested in your new announcement today, that you are going to extend the targeted jobs tax credit.

I believe that in your training proposal—correct me if I am wrong—that you will train about 1 million persons under the bill. That is about the number. I see Mr. Lovell shaking his head. I presume it is correct.

Secretary DONOVAN. Yes; that is the market penetration that the experts predict.

Senator QUAYLE. I wonder if you have any numbers on how many of those 1 million would you expect to be placed in private sector employment. Do you have a rough estimate? I presume 60 or 70 percent would be a ballpark figure?

Secretary DONOVAN. I do not know. Our desire and our attempt in the deep involvement in the private sector is certainly to be in that range. I do not know that we can predict that. Can you?

Mr. ANGRISANI. Sixty to seventy percent would be a first-shot goal. We would like to see it higher, but 60 to 70 percent, based on past experience, would be an improvement and something that we would see as an admirable goal.

Senator QUAYLE. Of those private sector placements, how many of those would result in the tax credit, the targeted jobs tax credit extension that you have advocated?

Secretary DONOVAN. The history of the targeted job tax credit has been a spotty one, as you know, Senator. It is difficult to say, but we are redesigning that targeted jobs tax credit to have a greater meaningful impact. So, those who in the past would have been hired anyway—and that was one of the major criticisms of the past targeted job tax credit—will not affect the dollars spent. We are trying to tie in that tax credit to the CETA eligible and CETA trained on a direct basis so, as I said in my opening statement, we will close that circle. I do not know the number.

Senator QUAYLE. What I am trying to do is get some sort of a figure on the cost of the targeted jobs tax credit in relation to the placement of CETA participants. That is the thrust of my question. With your announcement today to extend that and to relate it to CETA; I would like to get some sort of figure on that.

Secretary DONOVAN. It really depends on how well it is accepted. I do not know that we can give a firm number.

Mr. ANGRISANI. Mr. Chairman, we have looked at it from two separate tracks. When we developed our proposal, we did not factor any impact from targeted jobs tax credit into the proposal of 60 to 70 percent that we talked about. The reason was that we were evaluating targeted jobs tax credit on a separate parallel. To the extent that the targeted jobs tax credit is successful, it is an additional benefit that we are not calculating here in that 60 to 70 percent estimate. As you know, the targeted jobs tax credit is an entitlement. So, it can be as expansive as it is effective.

Mr. LOVELL. Senator, I think you have to realize that it depends on the tax status of the company and so forth. So, it is pretty hard to estimate what the cost will be in advance.

One comment I would like to make in terms of the number of people placed in the private sector is this. I think the real evaluation is income change over time. When they finish a program, they may get a job and they may lose it. We are interested in seeing the competitiveness in the labor market be improved by this program so that over the next series of years the individuals participating in this will do substantially better economically than those that do not have this opportunity.

Senator QUAYLE. I certainly understand the philosophy.

Mr. LOVELL. I think it would be dangerous to look at a 60-percent goal and say: Ha, ha, you didn't make 60 percent. I think you have to look longer down the road.

Senator QUAYLE. I understand and appreciate the long-term goals. But what I am trying to do—and maybe you could give us some numbers, Mr. Jones, or run some numbers on these things and give us an idea of what we are really talking about in dollars on the extension of the targeted jobs tax credit in relation to the number of employers that would be awarded the tax credit and the number of CETA eligible persons to be placed under that program.

Mr. Secretary, I wonder if you might just comment on the process that we are about to undergo. You and the administration have come up with a fine proposal, which I introduced with Senator Hatch, that has a number of similarities to the bipartisan bill; there are obviously some differences. I wonder, as far as a bipartisan approach, which the legislation that I introduced along with Senator Kennedy, Senator Hawkins, Senator Pell, Senator Hatch, and others—I know that you are not prepared to endorse our proposal today. If you would be, we would certainly find that very profound and interesting. But I wonder if you might just comment on the spirit of bipartisanship that we ought to try to achieve as we move forward with a comprehensive training program.

Secretary DONOVAN. Obviously, I applaud it, Mr. Chairman. I think there is recognition pretty much all around that CETA in the past has been a great disappointment to all of us. I think we paid a tremendous tuition, $53 billion, from which we all should learn on both sides of the aisle. So, when we are dealing with the tragedy that is out there, certainly a bipartisan approach is most welcome, and we want to be part of it.

Senator **QUAYLE**. Thank you. I have one final question; time is up under the rules. Under the bipartisan bill that is presently before the Senate, S. 2036, would you outline some of the constructive criticism and where you think we need to change to accommodate what the administration wants?

Secretary **DONOVAN**. I would give you an overview and then ask Assistant Secretary Angrisani to deal with some of the specifics.

The delivery system that we are suggesting, I think, is the one that should be seriously considered. We feel strongly about the delivery system. To put it in a phrase—and I do not mean this critically—I think we have learned that what we are designing is a system which will serve the people who need the services, not a system to serve the people who operate the system. So, on a delivery system we have strong feelings, as we do on the allowances and the stipends. We truly believe that many CETA programs have been extremely successful without stipends and allowances. We have many examples that we can put on the record. To reduce the dollars for administration and to try to get 75 percent of the dollars to training—that is something we feel strongly about.

The involvement of the private sector, they have been involved before, but not to the degree that we are suggesting involvement. We want them in on the take-off and the landing, and our bill speaks to that strongly.

I would ask Assistant Secretary Angrisani to be somewhat more specific in answer to your question.

Mr. **ANGRISANI**. Mr. Chairman, first of all, on the subject of eligibility, your bill and Senator Kennedy's touch on the full range of disadvantaged, all ages. You also include all cash and welfare recipients. The administration's proposal touches on the 16 to 25 disadvantaged population and AFDC recipients. So, our focus is more targeted.

In the delivery system area, there are some primary issues and some issues that are a matter of degree.

In terms of the transition of the program, which, as you know, is very important in getting a new program off on a good foot, in your proposal with Senator Kennedy, in 1983 the Governors must fund the current system until they can lay out their transition program. In our program we fund it and then in 1984 we give the Governors the ability to fund the new system they have designed.

That is important for one specific reason. Politically, we feel, in your bill you might be putting the Governors in a bit of an uncomfortable situation in having to turn to some of the cities that they govern and saying: you are no longer a program participant. And that may be politically an untenable situation for them to be in, thus inhibiting the transfer that we feel both you and we have intended in this process.

On the passthrough mechanism, your bill talks to 250,000; ours talks to about 500,000. There is some question on the definition. You talk about government units. We talk about political jurisdictions.

In our proposal, the 500,000 passthrough allows 83 political jurisdictions to be guaranteed service areas. Those guaranteed service areas in many ways constitute the majority of the current CETA funds that are being spent. So, we feel that our approach provides for minimum transfer. In areas like New York City, Los Angeles, and Boston, those areas will be hardly touched as a result of the block grant mechanism.

In terms of sub-State designations, which is the nonpassthrough areas, your proposal basically says that the current prime sponsor system is to stay in place until it is repealed by elected officials with PIC approval. Ours, rather than that passive approach, puts more of a mandated approach with the Governor to make a quick clean break and designate the areas himself.

You ask for a specific formula funding to the sub-State areas. We leave it up to the Governor and his State advisory board.

I think one of the things that bothered us a little bit, Mr. Chairman, is that your bill has a number of appeals in it. Even though they are good, we think that in some cases they may slow the process down. We would appreciate it very much if you would look at that appeal process.

In your bill, also, in the delivery system area, the CETA prime or the city government is the guaranteed administrator of sorts of the program. In ours, we leave it up to the private industry council that is constituted of local officials and business and a variety of individuals to pick the administrator in an open, free, competitive marketplace.

As far as stipends go, the Secretary was correct. To add a little more specificity, you deal with a bonus situation for individuals who successfully participate in the program. That is, in fact, one form of stipend. We have no stipends.

In the wage payment area, you have a 6-week at the end of work-wage payment process. We have none.

In terms of activities that are allowed, we allow basically the same thing. In the area of displaced workers, you have a separate title. We have the displaced worker mechanism built into our process.

Basically, the amount of money that we both propose for it is about the same.

We do have a stronger State advisory council than you have in your bill. The reason for that obviously is our federalist approach to the process, whereby we need to elevate a little more activity at the higher level of State hierarchy than you do in yours. In addition to that, we have 51 percent business participation on that council, and you have 25 percent.

In a nutshell, those are the basic differences in a very quick and dirty fashion. I would be more than happy to submit specified details in writing.

Senator QUAYLE. Thank you very much. Mr. Hawkins?

Representative HAWKINS. Thank you, Mr. Secretary. I will not ask you to comment on my proposal after hearing the comments on Mr. Quayle's proposal.

May I state that there is general agreement, I think, on some of the points, however. I think there is some agreement that CETA needs some reforming, with which I certainly agree.

Some of the points that you have made with respect to the programs are good and some are bad. I think, however, they are certainly well taken. That leads me to wonder with amazement why you tend to treat the good programs the same as the so-called bad ones. For example, in the administration's budget, Job Corps was reduced by 50 percent. However, you have indicated on many occasions that Job Corps is one of the better programs under CETA. Why is title VII, which is the private sector CETA program added and strengthened by the Congress in 1978, blamed as another CETA program that has not worked? And yet it needs to be expanded, according to your so-called principles of reform, with which we agree. As I understand, all the bills certainly stress private sector involvement. I think the only difference is in the amount of that involvement.

We certainly agree on the importance of focusing on training. I think from 1978 on, training has been improved. Under the CETA program itself, there is 22 percent set aside to provide cooperative arrangements with school systems at the local level. It seems to me that is an excellent arrangement. I think we could expand on it and build on it without throwing it overboard for a new program that has to start at zero.

You have also stressed the need for program performance standards. I think all of the proposals do emphasize that. I think any of us would be satisfied to base continuance on performance. I think that is nothing new nor strange nor unique in any one of the proposals.

Local labor market focus, I think, we agree with. That is why we want the local governing bodies to be involved in the planning and delivery of services, along with the local private industry councils and local businesses.

I would like to ask you one or two questions on the main differences in the various bills. Your first principle is that we must focus on the truly disadvantaged. What is your definition of "truly disadvantaged"? In the bill itself you speak of the economically disadvantaged, but you give no definition of the truly disadvantaged as distinguished from a disadvantaged individual. We keep hearing the words "truly disadvantaged." Yet, in your proposal you eliminated, as you indicate with some degree of satisfaction, stipends and allowances for the participants. If, in your definition of truly disadvantaged you are talking about those who are the most disadvantaged of all, how do you propose to give training to those individuals without stipends and allowances? It seems to me that you are moving in the opposite direction, away from that so-called definition.

Secretary DONOVAN. Chairman Hawkins, we have experience in dealing with these truly disadvantaged. To broaden the explanation of what we are saying, the out-of-school youth who has really been passed by, I think, by CETA in the past. These are young people who need remedial education, certain vocational training and on-the-job training. Without this focus and if we broaden the focus, I am afraid that once again these people will have hope held out for them and will be dashed.

On the subject of stipends, there are many successful programs dealing with just this disadvantaged group in addition to the AFDC women. It proves that they are most helped by this training program and that the lack of stipends and allowancee were not a deterrent.

Do I say that some will not come because of that? I am sure that will happen. But those who do, there will be adequate training. And those who have the will to be trained will be trained finally under CETA. And that is our goal.

Representative HAWKINS. We have conducted hearings for more than 2 years. We have yet to have one witness, at least before the House Subcommittee on Employment Opportunities, who thought that you could train an individual who was, using your phrase, truly disadvantaged without offering some assistance during that training period. The individuals cannot absorb any training if their bellies are empty and if they do not know where their next meal is coming from. These individuals must be provided supportive services of all kinds. They must also be given some encouragement to continue with the training program, not just for 6 or 8 weeks, which is poor training but long-range training for employability in the private sector. They need more support than merely motivation. They need something to sustain them throughout the training period.

I do not know any evidence or study which supports the allegation that stipends and allowances act as a barrier.

Secretary DONOVAN. As you are aware, Mr. Chairman, there is a 10-percent allowance in our bill for supportive services, giving the flexibility to the Governor; be it on carfare or lunches or daycare, it is limited to 10 percent. So, the support services are——

Representative HAWKINS. I am aware of that provision, but it covers all of the sins. It does not go very far.

Let me ask you one question with respect to another issue, the State role. My understanding is that the administration's proposal is to turn the program completely over to one individual who happens to be chief executive of a State. Would you tell us, what is the role of the State legislature? Second, in what way will local governing bodies less than 500,000 participate in the program? Let us take one example. The city of Oakland, in my State, is one of the highest unemployment areas in the country. Yet, it would not qualify under the 500,000 threshold. The mayor of the City or the governing body of that city, has no particular role in the administration's proposal.

Other than the chief executive who names the local council which is given complete control exclusive of a local governing body in the city or in the county, what roles do these other entities have in the administration's proposal, if I have correctly characterized what seems to me to be the proposal?

Secretary DONOVAN. They have a critical role in that the local political body, local labor, and local business have input into the delivery system. It would not work if they did not. To have it exclusively at the top or at the State advisory committee level, the system would fall down.

I would say the involvement of the local political group with the PIC's is critical to the delivery system.

If you want to respond as to how that is made up and——

Representative **Hawkins**. I know they are critical. That is why I give them more emphasis in my proposal. But you still have not clarified what their roles will be. You have not indicated that the State legislature would have a role and that the Governor somehow is going to be responsible for the entire operation without the legislature being involved. You may have a situation of a Republican or a Democratic Governor and a legislature which are opposite in political affiliation. Sometimes you have a Senate and a lower body that will not cooperate with each other, et cetera. You have all of these situations prevailing. Yet, you give the complete authority to the Governor who names the local council without the governing body of a local city or county being involved in the process.

Where do these other entities come in other than, let us say, being represented indirectly by having some membership on some council, which certainly they would not be satisfied with?

Secretary **Donovan**. You mean short of having an ability to override?

Representative **Hawkins**. For example, as I understand your proposal, the local business council would have complete control of the operation of the programs. Neither the governing body nor the local school boards would necessarily be involved. Am I correct?

Secretary **Donovan**. No; let me ask Mr. Angrisani to clarify our position.

Mr. **Angrisani**. Chairman Hawkins, I expect the easiest way to describe it is if I could just take a minute and explain how the system works from the top down and the bottom up, and you will see where the roles sort out.

There are three primary players: the Federal Government, State government, and the sub-State private industry councils. The Federal Government's job is to allocate the funds to the States through the block grant mechanism, to oversee the performance standards, the management, and the audit practices, that simple and that clean.

The State government, which really is——

Representative **Hawkins**. You keep referring to the State government.

Mr. **Angrisani**. Yes, sir.

Representative **Hawkins**. Who specifically are the individual or individuals who are in trust, when you refer to the State government? The State government consists certainly of the legislature as well as the chief executive. When you say the State government or the States, What do you mean? Are you giving it to the States or to the State government? Or are you giving it to the Governor, first of all?

Mr. **Angrisani**. We are giving a block grant to the State government, to the legislature, and consistent with the laws——

Representative **Hawkins**. What is the role of the legislature? If you are giving it to the Governor, what is the role of the legislature?

Mr. **Angrisani**. Whatever their constitution says their role is to the expenditure of funds and running a program like this. If they have the driving impetus, then they have it. If they give it in their constitution to the Governor with their tacit approval, then that is the way it is. We do not in any way intend to change that relationship.

Representative HAWKINS. Well, you are giving it to the Governor. You are not giving it to the legislature. You do not include the legislature. You certainly do not include the local governing body, do you?

Mr. ANGRISANI. Our block grant is to the State government, to——

Representative HAWKINS. You mean to the Governor. The Governor makes the decisions, not the State legislature in conjunction with the Governor. The Governor decides the rest of it, does he not? Does he not name the council without any involvement of the legislature?

Mr. ANGRISANI. He names the State council and the private industry council at the local level with the input of the local governments and the business community.

Representative HAWKINS. Well, you say the input. Do you mean that they can advise him?

Mr. ANGRISANI. They pass the recommendations up and make nominations.

If I can just pursue this for 1 more second, I might clear up a few loose ends here, too.

Representative HAWKINS. No, I do not think you are clarifying it. I see the red light is on.

Mr. ANGRISANI. There is one other point I think I need to clarify, too, Senator Quayle. That is on the stipend issue. The participants in this program, because of the unique design of this program, are really not without support. We are targeted to two groups: AFDC recipients and youth between 16 and 25. AFDC recipients will not lose any benefits they are currently being paid, welfare or otherwise. So, they have support.

The real key is that the youth between 16 and 25 with the emphasis we have on OJT, they are going to be—we hope to the extent that we can run 50 percent of our program in the OJT field, they will have an income while they are being trained. So, we see a very small percentage of our population that we are targeting to be served without some type of support other than our support services.

Representative HAWKINS. May I make one statement, and then I will be through.

Under the administration's proposal, it says: "Funds received by Governors under this allocation may be used to implement the job training programs authorized by this title."

That is what it says. It does not say anything about the State legislature, the local governing bodies, or anybody else. It says the money received by Governors. There you do not use the word State at all.

Senator QUAYLE. Senator Kennedy?

Senator KENNEDY. Thank you very much, Mr. Chairman.

Mr. Secretary, what was the level of unemployment in 1981? How many young people were actually being trained? Do you know those figures?

Secretary DONOVAN. I believe it was 7.6.

And your second question how many young people were being trained?

Senator KENNEDY. Yes.

Secretary DONOVAN. That——

Senator KENNEDY. The Total population being trained. Does 3.2 million sound right according to this?

Secretary DONOVAN. It sounds like the dollars.

Senator KENNEDY. $3,200,000?

Mr. ANGRISANI. $3,200,000. I think initially about 50 to 60 percent of participants.

Senator KENNEDY. Now, the estimates on 1982. Unemployment at the present time is—what would you say—about 8.5 or 8.8 percent?

Secretary DONOVAN. That is correct.

Senator KENNEDY. How many are being trained now?

Mr. ANGRISANI. It is about 1.8 million.

Senator KENNEDY. Your estimates, according to Secretary Regan, are that in 1983, unemployment may go as high as 10 percent. According to your figures here, which are based on budget authority, you will be able to train how many?

Secretary DONOVAN. About 1.1 million.

Senator KENNEDY. And under outlays, which is the real figure, it is going to be how many?

Mr. ANGRISANI. I am not sure that the outlays—there is a complicated formula that goes into the allocation of the outlays. It is our intention to work from a budget.

Senator KENNEDY. Probably below 1 million, is that a fair figure?

Secretary DONOVAN. Using outlays, that would be correct.

Senator KENNEDY. So we have gone from 3.2 million people being trained, and unemployment at 7.4 percent to about 1.4 million less people being trained when according to the administration, Secretary Regan and others, unemployment is going up to 10 percent. Given the nature of the Nation's challenge in the area of unemployment and particular unemployment of youth, how would you characterize the response of the administration?

Secretary DONOVAN. I would characterize it as a new initiative. It is a training program.

Senator KENNEDY. Given the nature of the need, how would you characterize it?

Secretary DONOVAN. As honest attempt to get training to be successful and cost effective. I think we must prove that these programs can be successful, Senator Kennedy, and that they serve the people. And we must fund these programs at the level which can be efficiently and effectively managed before broadening them.

As you are aware, there is a misconception that the training funds are aimed at decreasing today's unemployment. That is not the case; it is preparing people for employment when the economic program has had its effect.

Senator KENNEDY. Well, do you have something else to deal with unemployment then?

Secretary DONOVAN. We sure do. We have the President's economic program. That is the key.

Senator KENNEDY. The one that has been in place about 1 year and has seen unemployment grow about well over 1 million——

Secretary **Donovan**. Are you ready to give up on it? I am not.

Senator **Kennedy**. I never accepted it. In terms of your evaluation of these programs—I remember that about 1 year ago the administration was talking about the senior aides program. That was a program which I initiated a number of years ago. A year ago the administration was talking in rather favorable terms about it, and about the 84,000 senior citizens in that program.

What are we going to tell those 84,000 senior citizens now?

Secretary **Donovan**. We have allowances in this program. We are going to keep the older Americans program as intact as we can. I do not know the funding levels.

Senator **Kennedy**. What am I going to tell the senior citizens who are involved in that program in my State of Massachusetts when they say Secretary Donovan says he is going to keep it intact as possible? What does that mean? They want to know whether they are going to be out of that program or whether they are going to stay in.

Now, what do I tell them?

Secretary **Donovan**. I think you can tell them that the administration sees the value of the older program and we are attempting to keep the funding at or near last year's funding.

Senator **Kennedy**. That there is not going to be a reduction, there is not going to be a hold harmless? There will be a reduction or there will not?

Secretary **Donovan**. We are not sure at this stage. If there is, it will be a minimal one, if we have our way——

Senator **Kennedy**. Excuse me?

Secretary **Donovan**. Minimal one if we have our way.

Senator **Kennedy**. Is there any money in the budget for it?

Secretary **Donovan**. We have money. We are suggesting and discussing now with——

Senator **Kennedy**. I am just trying to find out about the safety net. There has been a lot of talk about that and many of the people who are most concerned about it are the senior citizens, and a number of those senior citizens now have this unemployment program which has worked very effectively. It has been constantly evaluated by this committee and other committees, and it has been quite effective.

Now, this provides for a number of the elderly people that are having an extraordinarily difficult time of making ends meet. And I want to know what the administration's program is going to be on that.

Secretary **Donovan**. I just explained that we agree with you that it has been an effective program. It is one with—not being a training program as much as it is income supplement. Maybe it belongs in HHS but, to that degree, it is in the Labor Department, and I tell you that we are in deep negotiations and are analyzing it. And it will be maintained at or close to the levels that it was last year.

Senator **Kennedy**. Do you know what percent of the people who are over 55 are unemployed?

Secretary **Donovan**. Those who are over 55 as a part of the percentage?

Senator **Kennedy**. Yes.

Secretary **Donovan**. I do not have it readily available.

Senator **Kennedy**. Well, it is over 10 percent.

Secretary **Donovan**. Yes.

Senator **Kennedy**. Do you know what percent of those live in poverty?

Secretary **Donovan**. Of that 10 percent, I do not know.

Senator **Kennedy**. Just over 25 percent live in poverty. I just wondered how you fashion a program if you do not know the numbers of people that are being affected and what the human terms of these programs are going to be. You come up here with the statistics and figures and the organization chart, and when we are trying to find out about the kinds of people that are going to be really adversely affected or impacted, we do not get an answer.

Secretary **Donovan**. I gave you my answer.

Senator **Kennedy**. You said you did not know.

Secretary **Donovan**. You may not be happy with it.

Senator **Kennedy**. You said you did not know, which I am not happy with.

Secretary **Donovan**. I told you we are keeping the funding at or near where we had it last year. I think in these budgetary times, I think that is an exemplary performance.

Senator **Quayle**. Mr. Weiss?

Representative **Weiss**. Thank you very much, Mr. Chairman.

Mr. Secretary, we had a go-around only last Thursday, so I am not going to be repeating some of those questions. But at the very outset of your testimony, you do refer to some statistics that I think we ought to clarify because otherwise we may be coming back a year or two from now and looking at an unfair base from which to work. I am specifically concerned about the numbers which you use at the top of page 4, where you say that:

> These programs have resulted in only 30 to 40 percent of the persons served being placed in unsubsidized jobs, with only 15 percent being placed in jobs in the private sector which is where 80 percent of the jobs in this country are located.

Now, last year at about this time, Mr. Angriasani will remember and I think you might, too, that we had a long discussion about getting access to a report by the Department of Labor called the Continuous Longitudinal Manpower Survey. That report indicated that after 2 years of completion of the training program, an average of around 70 percent of the participants were being placed in jobs. My recollection is that the largest percentage of those placements were in the private sector. The same kinds of study came out of Johns Hopkins University, which did a similar study with the same results roughly.

And so I am just wondering where you are coming from with your 15 percent being placed in jobs in the private sector? How did you develop that?

Secretary **Donovan**. We will have Mr. Angrisani respond.

Mr. **Angrisani**. Mr. Congressman, I remember our go-around last year so I will try to focus in from there.

Everything you said is correct, based on the zeal in those studies. Those figures are accurate.

The problem that we have is not talking apples and oranges. It is that we have traditionally measured placement based on the prime sponsor reporting system that is in place right now that reports placement into jobs and unsubsidized jobs.

Representative WEISS. When?

Mr. ANGRISANI. After completion of training.

Representative WEISS. OK.

Now, let us see if I understand it. What you are saying is that your reports and these statistics are based on what happens the day after the training program is completed, within a month of the training program being completed?

Mr. ANGRISANI. That is correct.

Representative WEISS. And you do not take into consideration at all what happens 6 months thereafter, or 1 year thereafter, or 2 years thereafter?

Mr. ANGRISANI. That is correct, Congressman.

Representative WEISS. Now, would you not think that if, in fact, you agree with the longitudinal study that your Department worked on, the Johns Hopkins study, that in fact the success rate in CETA is much different than what you are leading the Nation to believe on the success of the CETA program—despite the fact that this committee knows what the facts are.

Mr. ANGRISANI. Well, I think the problem is no one really knows what the facts are, and here is why——

Representative WEISS. You just gave it to us, Mr. Angrisani.

Mr. ANGRISANI. No; I said everything you said is correct.

Representative WEISS. The problems are so serious. We have enough problems that we can lay our hands on without manipulating them to make them worse.

I agree that the unemployment job situation is horrible and that the effectiveness of our program could be improved upon. We do not have to manufacture how disastrous the programs are when they are not.

Mr. ANGRISANI. But at what point do you measure legitimate job entry, 6 months, 3 years? Somewhere someone has to go back into the job market.

Representative WEISS. You measure it on the basis of where people are who did not have the benefit of those training programs. The results that we are getting is that, yes, the training programs do work. They put people in the private sector into unsubsidized jobs, if you give them a shot.

Now, it would seem to me that you would want to be proud of that kind of achievement.

Mr. ANGRISANI. It is the opinion of myself and my staff that the only way to measure the legitimacy of the training program is if you can take someone who has been in the program 9 months to 1 year, train them and, at the end of that period of time, provide proper job assistance and move them into jobs.

When you start moving out 20, 60, 90 days, in 2 years you start watering down the effects of what you have done. You cannot train them and——

Representative WEISS. And yet, Mr. Angrisani, yet the reports, the studies, and the statistics show that the people who received the training get the jobs after awhile.

Mr. ANGRISANI. Eventually everybody goes back to the work force.

Representative **Weiss**. Unhappily, that is not true.

Mr. **Angrisani**. That is not what CLMS says.

Representative **Weiss**. Your Department and other departments have referred continually to the cycle of poverty, and that what these programs are intended to do is to break that cycle. In fact, CETA has done that. I do not think it is fair, right, or appropriate to try to obtain a totally negative picture when that is not the case.

Let me go on——

Secretary **Donovan**. Mr. Lovell?

Representative **Weiss**. I think, by way of preface, we have a clarification of where we are. Let me ask about your new proposals now.

How long are the training programs under your proposal?

Mr. **Angrisani**. Whatever is necessary. Historically, the amount of time is between 6 and 9 months, if you can trust historical patterns.

Representative **Weiss**. No; I am not really looking at historical patterns.

What I would like to know what the administration's intention is in setting up this new training program?

Mr. **Angrisani**. To the extent that you have OJT and classroom training emphasis, in OJT it is usually about 4½ months, and classroom training it is usually about 6 months.

Representative **Weiss**. So that your intention is that 50 percent of the program is to be OJT, and that training should take about 1 year and that 50 percent of it is going to be classroom training and that should take about 6 months?

Mr. **Angrisani**. That is correct.

Representative **Weiss**. Now, have you, in fact, had discussions with people in the private sector to determine whether, on an annual basis, the private sector could and would be able to train hundreds of thousands? You tell me the number. Would it be 300,000 or 400,000 people between the ages of 16 and 25, out of school and coming from families which are on welfare or themselves receiving welfare who would be trained?

Mr. **Angrisani**. When the enrollment levels were 3 million, OJT was accounting for 15 to 16 percent of the program, and that is somewhere in the neighborhood of 350,000 to 400,000. We would like to think that is a minimum starting point that we could accomplish for OJT right now under our program.

Representative **Weiss**. Do you have figures that indicate what the unemployment levels were when you gathered those statistics?

Mr. **Angrisani**. Those are current. I mean 7.6 million was the number in 1980.

Representative **Weiss**. Right. OK.

Mr. **Angrisani**. I guess the unemployment rate was about 7 percent.

Representative **Weiss**. Would you not agree that it would be harder to place people with the unemployment rates at 9 percent?

Mr. **Angrisani**. I think it is a function of how good your training is. Senator Kennedy made the point before, that the jobs are out there, and it is a point of matching the people up with the skills in demand.

Representative WEISS. Do you have statistics to indicate what percentage of those 350,000 were either recipients of welfare or from welfare families themselves?

Mr. ANGRISANI. About 20 percent, Bob Jones tells me.

Representative WEISS. Twenty percent of those. Now it is going to be 100 percent?

Mr. ANGRISANI. No; AFDC or the 16 to 25 population is based upon poverty levels so it could be higher than that 20 percent; yes.

Representative WEISS. Tell me again. I may have missed something.

What is the eligibility criteria for participation in this program?

Mr. ANGRISANI. AFDC recipients or 16 to 25 disadvantaged at the poverty level as OMB defines it, or 70 percent lower living standards, whichever is highest.

Representative WEISS. On that basis, what percentage do you really expect to be welfare recipients?

Mr. LOVELL. May I make a comment?

I think there is a misunderstanding of our basic approach. I would like to clarify one thing for you.

Representative WEISS. Is it my misunderstanding or——

Mr. LOVELL. A misunderstanding, Mr. Weiss. I do not think that you are expressing yourself in such a fashion that suggests that you are familiar with what it is that we plan to do, and there is a question in Mr. Hawkins' mind, too, that perhaps I could clear up on this.

Representative WEISS. The red light in on. It is up to the chairman.

Senator QUAYLE. Go ahead; 30 seconds or 1 minute to clarify.

Mr. LOVELL. I think this is an important point.

One of the main things we have learned over the last 20 years is that no program designed from Washington could work in the same way in every State, is going to be sensitive to either the needs of the individuals involved or the employers. So what we have said, in essence, is is that each State, this State council we are talking about, which will be comprised not only of people from business and labor, local officials, representatives of community organizations, they will design their own delivery system for that State and they will establish the areas of need among the eligible classes; they will determine what kinds of training and who should be giving it according to the needs of the local area. We are not mandating that. We do not pretend to be smart enough to sit here in Washington and to determine how this activity should be organized in New York, California, Missouri, South Dakota, Indiana, Florida, and these other States. Each State will be able to design their own efforts within the broad parameters that we have established here.

Representative WEISS. But, Mr. Lovell, if the criteria is that it would have to be green-colored Martians who could be eligible, the States could climb to the Moon but they would not find Martians. So do not tell me——

Mr. LOVELL. They are going to fund people between 16 and 25 and mothers on welfare in adequate number to demonstrate the capacity of this effort to be effective. That is what we are trying to do.

You are suggesting that we are critical of training. We are not critical of training. We are saying it is good, and that is why our program allows for it. There were two things about CETA that we are fundamentally critical of. One is the public service employment element, and the other is the complexity of the delivery system

Representative **Weiss**. Then why cook the numbers?

Mr. **Lovell**. What?

Representative **Weiss**. Why cook the numbers? Why say only 15 percent were placed in the private sector when you mean to say 1 day or 2 weeks after they finish their training, that within 2 years—70 percent or——

Mr. **Lovell**. We are not cooking the numbers. We are emphasizing a program of vocational, educational on-the-job training. We would not be recommending these if we did not think they could work. We want them to work better than they have. And we think with the kind of delivery system that would be constructed in each State sensitive to the needs of the local labor markets that we are going to do even better than we have in the past in these areas.

Senator **Quayle**. Thank you.

Next, Senator Hawkins, we certainly welcome you, and I personally want to thank you for your intense interest in training. I can only help share her philosophy that has been indelibly impressed upon my mind as she has worked with me over the past year. She said, damn, we have to train people particularly our young people, but we have to do it with a more efficient system. And she has said that time and time again.

I certainly appreciate your valued contributions that you have made to this legislation and your cosponsorship.

Senator **Hawkins**. It has been a pleasure to work on something so positive as this bipartisan legislation. I have never been engaged in something so negative as CETA, its results, and its cost. It is one thing to have employment training, it is another thing to get results, a job.

I want our young people to be able to use the skills that we are going to be able to give them, to get long-term employment, not 6-month jobs, 8-month jobs. This is the reason we have been working so actively and so hard to get a positive program.

I am tired of reading so many negative things about CETA, and we must learn from the errors we made in the past. We held CETA oversight hearings in Orlando, Fla., concentrating on programs administered by the State, and I recommend it all for those of you who do not have enough to read.

My concern was the abuse, the fraud in the old program, the extra expense. This has to be overcome, and I think in this legislation we are on the right road. People are tired of the scandalous results and the headlines in every paper of how their money was abused, that is why this is a good program.

But I am concerned and I want some good answers from those testifying here today. When Mr. Angrisani testified earlier this year, he stated that he had problems collecting disallowed funds from CETA prime sponsors, and over 50,000 subgrantees. I know this is a lot of people. At that time he stated he hoped that the new employment trade in legislation would contain enforcement provisions that would give real meaning to the word "liability." Do you remember those hearings?

Mr. **Angrisani**. I certainly do.

Senator **Hawkins**. Could you comment on the liability provisions in the various bills, such as the disputes at the State levels, which we had quite a few in Florida, as you recall, to be settled not by the Secretary, but through the State grievance procedure; could you comment on that?

Secretary **Donovan**. Mr. Angriasani?

Mr. **Angrisani**. Thank you, Mr. Secretary.

Senator Hawkins, the last time we talked I mentioned the 11-step audit-and-collection process that we were faced with from a management perspective that was written into the current CETA regulations, and I have to thank everybody on both subcommittees, because I have gotten a great deal of cooperation over the last year in trying to make that burden a little bit easier.

As a result of the cooperation, we have completely eliminated any backlog audits that we had, and we are now in the process of trying to collect that money back to the Federal Government. So we have made great strides, and moved significantly on the problem within the current system.

But in this exercise, the one that you all participated in, we have learned a lot of critical lessons, and those lessons are in fact reflected in our bill. One of those lessons is to operate an effective management system where you in fact can control fraud, and abuse, and audit. But it has to be done in a decentralized way, where there is significant authority at each level.

For the Federal Government to oversee 450 prime sponsors, which the current system has right now, it is too big, and in this report, which I would be glad to submit, by our Inspector General, he indicates that he is spending up to 85 percent of his time on CETA cases, and he could never envision enough resources to do the job properly.

So in our bill we have set up the decentralized mechanism where the 50 States are accountable for audit-oversight-and-collection practices. The Federal overtones come in from the standpoint of how the appeals process works, and how we go about encouraging individuals to not only avoid fraud and abuse, but to in fact pay debts, and we put some pretty strong constraints in there which allow the States maximum flexibility in setting the kinds of standards that you have in your hearings, whereby State oversight, you can be as tough as you want on that problem.

We do not have the oversight provision in our bill that we talked about at Senator Quayle's earlier hearing, because OMB felt that that was not an appropriate aspect to put in our bill at this time.

However, we are entertaining and looking at offset mechanisms. It will make it possible, where we have a case of real fraud, and abuse, and neglect, that it is personally motivated and not a mismanagement effort. So what I am saying, in a nutshell, is we have learned from the experiences of the past, we are taking the recommendations and the experience of your earlier hearings in Florida, and we are giving the States flexibility to manage these programs in a way that allows us to collect audits.

Senator **Hawkins**. It seems to me that some of the training should be spent on training the States supervisors. If you recall, in Florida, the Secretary of Labor stated that he could not supervise that program, it was growing so rapidly, it was impossible to administer.

It was the State secretary of labor that was put in charge of it by the Governor. Now, if we are going to turn all this money back to the States, what is his role?

Mr. **Angrisani**. We did take your advice, we have a small percentage of our block grants for allocations for technical assistance, that would be just that type of training, and we do have a year transition period, whereby we could go out and counsel the States on how to set up procedures and processes that may improve their current ones. But many States that have training programs right now, on their own, absent Federal programs, already have some good procedures, and we think it is going to be a comfortable and pleasant transition.

Senator **Hawkins**. I am very happy with the new charts that you brought, that shows that the money is going to go to the people that really need it, and not to a lot of administrators, but I think that you must make it perfectly clear, and I know if you do not, this committee will, that in cities, where fraud and abuse continues, that we will remove the program from those cities. There is just so much money to go around, and there are just so many times you can tell them how you want it done. Senator Kennedy, and Senator Quayle, and all of us are concerned with doing what we can to keep people employed, but where there is so much fat, I just think there is a limit to the times you can give them a second chance. You ought to tell the cities to be selective, and if they are not, move it out, we are going to move it to another prime sponsor.

Thank you.

Mr. **Angrisani**. I think we have incorporated those principles.

Senator **Quayle**. Mr. Corrada?

Representative **Corrada**. Thank you, Chairman Quayle.

Historically under manpower and training programs, the Federal Government has treated Puerto Rico as a State, and I am pleased by a provision in your proposal that maintains that Federal policy, as it is maintained in the Hawkins bill. In the Quayle bill, however, there is a set aside for Puerto Rico that I am concerned about.

My view, very clearly, is that whenever Puerto Rico is treated like a State, in programs like manpower training, food stamps, and others, the Federal Government is providing the mechanisms for use, together with our own efforts in Puerto Rico, to take care of our own, but whenever Puerto Rico is treated at the lower level, we would be providing simply incentives for the people of Puerto Rico as American citizens to migrate from the islands to the U.S. mainland.

Fortunately, migration from Puerto Rico to the U.S. mainland was stopped in 1972, essentially as a result of many of the Federal programs under the Great Society program.

And, second, and just as importantly, because we have had a very strong economic development, by bringing about industry in Puerto Rico, mainly by the investment of American capital through their subsidiaries.

So I do welcome the treatment of Puerto Rico as a State in this bill. However, I am concerned about other things.

Why would you limit eligibility to AFDC recipients, and 16 to 25 year olds, when there are great variances in the States, in the way that AFDC is applied? There are many Southern States, for instance, where people who are eligible for AFDC do not apply for AFDC.

In the case of Puerto Rico, there is a ceiling of $72 million in the AFDC program. Would it not be much better to define eligibility by defining the economically disadvantaged, with family incomes not exceeding 70 percent of the Bureau of Labor Standards' living standard, and then, because of the other constraints that you provide in the program, including the budgetary limits, let each State decide who will receive the training under the program, rather than limiting from the outstart participation to AFDC recipients and the youngsters?

Why not the economically disadvantaged, whether or not they are on AFDC? Maybe those participating in the food stamp program, among others, just as well.

Secretary DONOVAN. We have allowed the flexibility for the State to service other problem people, but in the AFDC area, we found that those women were most positively affected by these training programs. It is a case where 82 percent are unemployed and need this training. Where that population is thin, I think in the bill, there is enough flexibility, there may not be.

Would you like to comment on that?

Mr. ANGRISANI. Mr. Congressman, we looked at a lot of options, and I think the only way to respond to your question is, No. 1, we felt that we had one primary obligation, and that was to preserve a national focus, and to do that, we had to target, as opposed to leaving it totally flexible.

No. 2, we looked at impact, and some of the assessments that we have, and the research that we have—there is a lot of it out there, but a good portion that we have in our own shop—shows where we are likely to get our greatest impact.

There is no way to develop perfect systems that will account for the flexibility in determining AFDC in each State, but there is nothing to stop the States, over time, as they develop these AFDC programs, and help develop the role of this whole training program which we are giving them to make the fine adjustments, to make it more equitable at the State level.

Representative CORRADA. But in terms of impact, would not the State officials and those involved in the councils at the State level be able to make a better determination of how much of it they want to put toward AFDC recipients, and how much they want to have go to the generally economically disadvantaged category, depending on the specific situation of how the AFDC program is running in their States?

Mr. ANGRISANI. You are arguing for total flexibility in terms of how the allocation is made, and how the funds are distributed by each constituent group, and we think that is a laudable position, and clearly in federalism that is one of the trendlines that, you know, we have been trying to stick to. But whether you have 2 billion or 1.5 billion, we found one thing, that the cost per participant is a fact, and you in fact must try to set certain constraints, and certain barriers, based upon the amount of money that you have, or you are not going to get quality training.

Representative **CORRADA**. Under your bill you retain certain nationally administered programs for Indians, migrants, farmworkers, older workers, veterans, and other special-target groups. It is obviously clear these should be retained at the national level, because these are the target groups that operate within the entire United States.

But I am concerned that you are proposing $200 million for all those groups, when under the Hawkins' bill we would propose $1.5 billion and under the Quayle bill, $856 million.

Now, do you not believe that allocating $200 million to these targeted categories of people—who are among the poorest of the poor—is utterly insufficient to take care of their needs?

Mr. **ANGRISANI**. I do not know that it is insufficient. I do know, and you are correct, that it is going to be a lot harder to spread that money consistent with the larger amounts that have been there in the past. But the reduction of the size of the budget has been one of this administration's proposals. We have to reduce the size of the budget, and we are going to spread the dollars in the most efficient way possible.

Representative **CORRADA**. You are saying that you are trying to target this more efficiently, and yet you are reducing the moneys for those groups, like the American Indians, the migrants, and seasonal farmworkers, who are precisely some of the categories that need more targeting.

Senator **QUAYLE**. Do you want to respond?

Secretary **DONOVAN**. Yes, I want to respond.

Many of these would still be available under the services, under the block grants.

Senator **QUAYLE**. Mr. Jeffords?

Representative **JEFFORDS**. Thank you, Mr. Chairman.

First, I want to commend the administration for coming forward with its bill. I think it is important that you have done that, and I can assure you that on the House side that your bill will be given every possible consideration.

I know that we are looking at it very carefully, and we are intrigued by some of its concepts.

I would like to ask specific questions about some of the decisions that were made and some of the important aspects of the program. Republicans, at least in the House, and I am sure in the Senate, have been prone toward use programs. Going through a recent CBO study, done for the Senate, it was noted that there is an increasing problem with the number of functions for illiterate students.

I am concerned that your program does not have any dealings within the schools for students who are on the verge of dropping out. I suspect that it may be related to the stipend problem, but I would ask why you do not wish to include, within your program, a program for in-school youth who are having difficulties staying in school?

Secretary **Donovan**. As you are aware, there is flexibility, Mr. Jeffords, in our bill for the Governor to include some in-school programs. If that is what the Governor chooses.

Representative **Jeffords**. You are talking about the 10-percent window?

Secretary **Donovan**. I am.

Representative **Jeffords**. My problem is that the 10-percent window looks out at a lot of different people who ought to be served. How many people can you squeeze through that window? I understand your answer, but I am not so sure that it really is going to be able to handle the problem.

Secretary **Donovan**. Malcolm Lovell would like to add a comment.

Mr. **Lovell**. I think one of the things we have had to do in this country is to make some hard choices in a number of areas as we went through the entire budqet. The in-school, I do not know how much we spend in the K through 12, but it is probably in the $100 billion range, probably much more.

Representative **Jeffords**. Are you talking about State and local funding?

Mr. **Lovell**. Yes, predominantly local funding. It is true that there are many problems with the school system, and I think we need to address them.

I do not know how we should approach that but that is a very large problem, and I think it needs to be looked at separately from the problem that we are looking at here. It is just too easy to take this money that we are trying to show can be effective in achieving some results and spread it out over so many groups that run the danger of failure. If we try to get it for poor people, and over 25, in-school youth, some of the elderly people that Senator Kennedy was talking about, my goodness, would you look at the money in this budget and in our budget that goes to the elderly today, we are just spending huge sums of money in this area.

Obviously there is a great need there, but we are spending probably in total entitlement programs in 1983 some $375 billion, and that is a lot of money.

Now, we are talking about trying to show in this particular program for a targeted group of people that we can be effective, that we can make a difference in their lives, and so we do. We have forced ourselves to restrict some groups that we might like to serve in order to preserve adequate opportunity to serve those that we think have the highest priority.

Representative **Jeffords**. My concern with that is that the group I am talking about is the group that is going to be your future welfare people if you do not give them the basic skills to become employed. This is an increasing problem. I would agree with you that our goals ought to be that the Federal Government should not be in that area, and that the local school system should be efficient. We have developed a lot of programs to keep youth in schools, and I would hate to see us suddenly drop that off.

Let me go on to another question which is somewhat related to this. Another concern I have, and this is probably budgetary, is that there is no stipend or allowance provisions within your bill. The evidence we received in New York, is that a program that does not provide for some kind of stipend, would make it impossible for the people who are most in need, to be able to participate.

I am wondering how you feel with respect to that question?

Secretary **Donovan**. We are sensitive to it, Congressman Jeffords, but there is enough evidence, we believe, of programs of 70,001 or OIC for example—that have been quite successful and yet never had stipends or allowances. I think there is evidence on our side that the stipends are not critical to the success of the program.

Representative **Jeffords**. That information is in direct contrast to the information that we received, and I would appreciate more details on that. I am concerned about your displaced worker program and the match provisions, especially in the States that have substantial numbers of displaced workers.

Is it realistic that a State undergoing the economic problems—as in Michigan, would be able to match, in order to provide programs for the displaced workers?

Secretary **Donovan**. I would hope so. I share with you the concern of the displaced worker which is at a certain rate now, but it is certainly getting worse. And with the introduction of robotics and the rest that we all know about, the structurally unemployed will become a greater problem. We have a program out in Detroit, funded at $5 million, called the Downriver project which addressed the displaced worker. The initial reports back are quite encouraging as to the success that this project is having. If it is a success, I think it is transportable, and management and labor should, as they have addressed in the Ford agreement, bring this problem closer to home. The Government, in my view, can only effect this at the margins. The key responsibility here in this growing problem of displaced workers is certainly a subject for collective bargaining and one which lays at the door of industry and labor, in our view.

We are sympathetic to their problem as it exists even today, and that is why we have included it in the bill.

It will be difficult for the matching funds. I hope they can find them.

Representative **Jeffords**. Finally, I would like to express concern about the Job Corps. Can States pick up the costs of the Job Corps center if it is going to continue in operation once Federal funding is removed?

Again I wonder if that is a realistic concept or do you just expect that this will give an opportunity to the more affluent States to be able to run programs, and in the others, that the Job Corps system will just be eliminated.

Secretary **Donovan**. No, it is not a requirement. It is an option for a State.

Representative **Jeffords**. But the Job Corps is going to go unless they do.

Secretary **Donovan**. No. We are committed to Job Corps. Yes, it has been cut like many other programs in Government. But we consider it a successful program, albeit the most expensive one at the Department, running $13,000 to $14,000 per client. But we think it is money well spent. We hope to gain some efficiencies.

I believe it has kind of run amuck in some of its costs, and if we can, we will be able to save some of the Job Corps centers. But I must say there are some that are not successful and, by any standards, should be closed.

Representative **Jeffords**. How many do you believe will be closed under your funding. program?

Secretary **Donovan**. The number that is being kicked around everywhere by the Labor Department is 30. We do not know as yet, but we are trying to keep the number as low as possible obviously.

Representative **Jeffords**. Thank you.

Senator **Quayle**. Thank you very much. And thank you, Mr. Secretary, for your testimony here today.

As you have heard, there are many who certainly endorse the concepts. There is obviously some discussion on the degree. There is some—certainly some discussion on the particulars that will be embodied in the training legislation.

I thank you for kicking off these hearings. We have over 90 witnesses in 4 days, and I think your testimony lasted about 2 hours. But we are going to start the red light on everybody else. We will get through in 4 days.

Secretary **Donovan**. Thank you for the attention that you are giving this bill.

Senator **Quayle**. Next we will hear from the National Commission for Employment Policy, Mr. Kenneth M. Smith.

We are going to hear Mr. Smith's testimony and the first panel by 12:30, and then reconvene at 1:30 to hear the other panels.

Mr. Smith.

STATEMENT OF KENNETH M. SMITH, CHAIRMAN, NATIONAL COMMISSION FOR EMPLOYMENT POLICY

Mr. **Smith**. Thank you, Mr. Chairman.

Let me introduce with me today the new Director of the National Commission for Employment Policy, Patricia Hogue. She was appointed last week. She brings with her a background of experience on the Hill.

I want to thank you for this opportunity to appear before you today to talk about one of the most critical domestic issues the Congress will face this year—the development of new job training legislation. As Chairman of the National Commission for Employment Policy, which was created by Congress under title V of the Comprehensive Employment and Training Act, I want you to know that we are critically interested in the success of job training programs. Over the past few weeks, I have had the opportunity to meet and discuss some of these issues with many of you personally, and I hope to continue to do so in the important days ahead.

On behalf of the Commission, let me commend the sponsors of the legislation pending before the subcommittees for their exceptionally hard work and for their bipartisan commitment to an effective job training system.

My testimony this morning is based on research and field work undertaken by the Commission staff over the past year. This research, along with the diverse experience of the Commissioners, has formed the background for our recommendations. I should point out that while Federal representatives and public members of the Commission participated in the discussion of these recommendations, they reflect the views of the public members. We assumed that the Federal members would support the administration's bill and valued their input, but derived our consensus from the views of the public members.

Let me briefly review for you the research and field work of the Commission, highlight our recommendations, and then give you our views on the future of the Commission.

The profusion and changing of goals under CETA severely hampered the ability of program operators to manage efficiently over the years. This lack of consistent and clear goals is the main distinction between the management of CETA and the management of successful private businesses.

Program goals should be simple, clear, and concise. We must agree on the goals and stick with them, for only then can a fair evaluation of success be made. The major long-term goal for the legislation should be to increase the long-term earnings of participants. This should be set forth in the statement of purpose. In order for the program operators to be able to measure progress toward this goal, short-term performance goals should also be stated. For youth, the short-term goal should be to increase employability competencies. We believe the Hawkins bill reflects the kinds of measures that are right for youth. The short-term goals for disadvantaged adults should be to increase post-program earnings measured over a period of at least 6 months, in conjunction with placement in unsubsidized employment and reduction in welfare dependency. We like the combined criteria in the administration and Quayle/Kennedy bills.

Short-term performance standards should be developed at the State and local levels—not by the Federal Government. If they are truly State and local standards, this process will create an incentive to establish standards that are significantly tougher and more consistently complied with than minimum Federal guidelines. Any Federal guidelines should be developed in close consultation with State and local representatives and should take into account local economic conditions and the types of the individuals served.

An incentive bonus for successful program operation is most desirable.

Eligibility criteria should be as simple as possible. Most of the Federal Government's training funds should be concentrated on the economically disadvantaged. The Commissioners support the criteria set forth in the Hawkins and Quayle/Kennedy bills. We agree with all the bills that there should be flexibility to use at least 10 percent of the funds on nondisadvantaged participants and activities, preferably more. And we agree with Congressman Jeffords that perhaps there should be more.

We applaud and support an enhanced role for Governors in the administration, Quayle/Kennedy, and Jeffords bills to assure greater coordination and a more comprehensive approach to future employment and training efforts. The Governor or his designee should, therefore, have responsibility for subdividing the State into service delivery areas, allocating funds to substate areas, approving members of local private industry councils, approving local delivery plans, monitoring and evaluating local programs, promoting coordination among programs related to job training, and undertaking special programs that meet statewide needs.

As in all bills, each local service area should have one local planning council whose members are nominated by chief elected officials and business organizations in the area, with a majority of the members representing business and industry. We do not believe it is necessary to prescribe who these business and industry members should be.

The Federal Government should continue to specify that political jurisdictions with populations above 500,000 be designated as service deliverers. Other political jurisdictions or groups of political jurisdictions should be eligible to be service deliverers, particularly if they have good relationships with their PIC's and if they have a proven track record of good service delivery.

The final responsibility for planning and for administering the job training programs locally should reside in the same entity. Private business and industry representatives may not always be willing to accept full responsibility for administering training programs.

If the PIC administers the program locally, the plan should be developed by the PIC in coordination with the chief elected officials. If local government officials administer, they should develop a plan in coordination with the local PIC. In such cases, PIC's could be assigned specific responsibilities in developing parts of plans, specifically:

One, establishing, reviewing, updating, and approving training curricula, and procedures.

Two, establishing procedures for and certifying training institutions.

Three, assessing and providing industry-specific information on the demands for labor and on the minimum skill requirements for entry-level jobs in their firms.

A portion of Federal funds should be set aside for matching grants to States and local programs that come up with equal shares of non-Federal funds, as proposed in the Hawkins and administration bills. One of CETA's chief failings, in our judgment, is that there was not the degree of ownership or investment at the State/local level to make it a genuine State or local program, not just a Federal program.

There should be a strong emphasis on preventive activities, as the most efficient and effective way to reduce youth unemployment.

Wage subsidies should not be permitted in either the public or the private sector in order to focus the program on training, as suggested in the administration's bill. Any employer costs associated with on-the-job training should be permitted.

As the administration and Quayle/Kennedy proposals suggest, allowances should not be permitted. Participant costs of program participation should be permitted as outlined in all bills.

Some flexibility should exist, as proposed in all the bills, to serve displaced workers in local job training programs. Any substantial new commitment of Federal funds for this group should be concentrated on displaced workers in declining regions. The eligibility criteria should take into account the need for intervention prior to permanent displacement.

During our February Commission meeting, the public members and the Federal representatives discussed at some length the future of the Commission, including whether it should be continued. We agreed that the Commission served a much needed national purpose and that it should be retained with few changes in the new legislation.

The mandate is broad enough to allow flexibility in responding to a changing environment and yet narrow enough to provide meaningful boundaries; membership is appropriate to carry out the mandate; and the administrative provisions facilitate smooth operation. We believe that the current legislation is as valid for the future as it has been in the past.

Unless the Commission's functions are expanded or altered drastically, we feel that our current name, budget, size, and composition of Commission membership should be kept.

Because of their increasing role in the areas of Commission interest, the Commission believes that State and/or local governments should have two representatives on the Commission.

If Congress so desired, the Commission would support having two of the Commissioners appointed by the congressional leadership. If increased participation by agency heads were deemed desirable, we would suggest the Secretary of Commerce.

The Commission recommends that most of the administrative provisions of the legislation under which we now operate be incorporated into the new legislation.

We believe that it is critical, however, that the number of persons appointed without regard to civil service rules and regulations be increased from three to one-third of the staff. Our concern is simple—that this is a policy Commission with a wide-ranging mandate. The entire sweep of employment policy that is part of the mandate of the Commission requires that we have more flexibility to bring aboard experts on a full-time basis, as well as to change those staffers as needs change. Further, we are required to respond to the Congress and the administration for specific requests of assistance, which also means additional or different staff may be required from time to time. We think the major advantage of our Commission is its ability to move quickly and deal with issues on a rapid basis. The staff mix we suggest will enhance this ability. It is our belief that a core staff of civil servants combined with a series of short-term non-civil service professional appointees will help ensure an optimal combination of responsiveness to changing projects and continuity over time.

To help assure the independence of the Commission and to hold it more directly accountable for its funds, we suggest that the authorization of appropriations section of the new legislation include a set-aside for the Commission.

To help assure a smooth transition and to allay any potential problems created by the dissolution of one Commission and the establishment of another, we recommend that the current members complete their terms and that all of the current staff, records, and property be transferred to the new Commission.

Thank you so much for your time and attention. I will be happy to answer questions, and please bear in mind that our Commission will assist you in arriving at the research or other activities.

Thank you.

[The prepared statement of Mr. Smith follows:]

STATEMENT BY KENNETH M. SMITH
CHAIRMAN, NATIONAL COMMISSION FOR
EMPLOYMENT POLICY
BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
AND THE
SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

March 15, 1982

Chairman Quayle, Chairman Hawkins, and Members of your Subcommittees: I want to thank you for this opportunity to appear before you today to talk about one of the most critical domestic issues the Congress will face this year--the development of new job training legislation.

My name is Ken Smith. I am Chairman of the National Commission for Employment Policy, which was created by Congress under title V of the Comprehensive Employment and Training Act. As you know, I was appointed by the President a few months ago along with six other new members of the Commission. We are critically interested in the success of job training programs. We have been working hard to develop a set of recommendations that I hope you will find challenging and helpful in your work. Over the past few weeks I have had the opportunity to meet and discuss some of these issues with many of you personally, and I hope to continue to do so in the important days ahead.

One subject that is of some particular interest to me, of course, is the future role of the National Commission for Employment Policy under the new legislation. We do appreciate the support for a national commission in all the bills before you. All of us are committed both now and in the future to be a very active, independent part of the development of employment policies for the Nation.

On behalf of the Commission, let me commend the sponsors of the legislation pending before these two subcommittees for their exceptionally hard work and that of their staffs and for their bipartisan commitment to an effective job training system. These joint hearings are symbolic of that commitment, and we at the National Commission for Employment Policy want to continue to support you and work with you in every way we can to help you achieve that objective.

It is clear, I think, to all of us in this room that the Federal Government has played a large role in creating the difficulties now facing the Comprehensive Employment and Training Act (CETA). The original system was designed to provide training for unemployed and underemployed disadvantaged individuals through a system of State and local service deliverers. Over the past 8 years, the system saw the addition of major new programs, titles, advisory committees, a large-scale public service employment program, a major youth employment and demonstration program, and the private sector initiatives program--each with its own eligibility, reporting and program requirements. There was a constantly changing emphasis on goals, mercurial and uncertain funding, and increasingly cumbersome rules and regulations that continually tied the hands of State and local program operators.

Today we begin a process that can benefit from the lessons of the past. Each of the bills before you recognizes that it is imperative to create a system with clear, simple performance goals, a stable delivery system, a stable funding level, clear responsibilities for Federal, State and local governments, and a strong partnership role for the private sector.

My testimony this morning is in three parts: First, recommendations for new legislation; second, a brief summary of research and field work undertaken by the Commission staff over the past year, which, along with the diverse experience of the Commissioners, has formed the background for our recommendations; third, suggestions on the future role of the national commission. Before addressing the recommendations for new legislation, I should point out that while Federal representatives and public members of the Commission participated in the discussion of these recommendations, they reflect the views of the public members. We assumed that the Federal members would support the Administration's bill and valued their input into the discussion, but derived our consensus from the views of the public members.

RECOMMENDATIONS

Goals, Performance Standards, and Performance Incentives

1. Program goals should be simple, clear, and concise. It is important that we agree on the goals and stick with them. A fair evaluation of success can only be made by measuring

progress against those goals. The major long-term goal of the legislation, we believe, should be to increase the long-term earnings of participants beyond what they would have been in the absence of the program. This should be set forth in the Statement of Purpose. The Secretary of Labor should continue to evaluate the long-term effectiveness of programs based on participants' long-term earnings gains as compared to earnings gains of nonparticipants. While it takes time to collect and evaluate such data, it is essential that it be made available to Congress, the States, and local program operators so that there be some nationwide measure of program success.

2. Program operators, like managers in private industry, must have short-term measurable performance standards if progress toward the ultimate goal is to be achieved. We feel that short-term performance for youth, for example, is best measured by increasing employability competencies. The criteria suggested in the Hawkins bill provides a good basis. For disadvantaged adults, short-term performance is best measured by postprogram earnings gains measured over a period of at least 6 months, in conjunction with placement in unsubsidized employment and reduction in welfare dependency. The Quayle/Kennedy and Administration bills provide a good combination here.

An important difference from current practice is that short-term performance standards should be developed at the State and local level. If they truly are State and local standards, this process will create an incentive to establish standards that are significantly tougher and more consistently complied with than minimum Federal guidelines. Any Federal guidelines should be developed in close consultation with State and local representatives and should consider variations in economic conditions and the types of individuals served.

3. An incentive bonus system for successful program operations, as proposed in all the bills, is most desirable.

Eligibility

1. Eligibility criteria should be as simple as possible.
2. Most of the Federal Government's training funds should be concentrated on the economically disadvantaged. Research supports the contention by the Administration that 16 to 25 year-old disadvantaged youth and AFDC recipients are generally the most in need of assistance. The Commission would prefer the criteria set forth in the Quayle/Kennedy and Hawkins bills, however, to allow some discretion to local program operators to choose who in the disadvantaged population is to be served.
3. We agree with all the bills that there should be flexibility to use some funds on nondisadvantaged participants and activities in each local area.

The Delivery System

We applaud and support an enhanced role for Governors to assure greater coordination and a more comprehensive approach to future employment and training efforts. The Governor or his designee should, therefore, have responsibility for subdividing the State into service delivery areas, for allocating funds to substate areas, for approving members of local Private Industry Councils, for approving local delivery plans, for monitoring and evaluating local programs, for promoting coordination among programs related to job training, and for undertaking special programs that meet statewide needs.

Each local service area should have one local planning council whose members are nominated by chief elected officials and business organizations in the area, with a majority of the members representing business and industry.

The Quayle/Kennedy and Jeffords bills require that the business and industry members of local councils be owners, chief executives, or chief officers of for-profit organizations, or other officers who have or have had profit or loss experience. The Commission believes this is too prescriptive for local councils. Companies should be able to decide who should represent them on the council and we believe the functions assigned to the council will have much more influence on the caliber of members at the local level than a legislative mandate. The Commission also suggests that the restriction of PIC private members solely to "for-profit" organizations would leave out some potentially major employers such as hospitals, Blue Cross, and health maintenance organizations.

The Federal Government should continue to specify that political jurisdictions with populations above 500,000 be designated as service deliverers. Other political jurisdictions or groups of political jurisdictions should be eligible to be service deliverers, particularly if they have good relationships with their PIC's and if they have a proven track record of good service delivery.

Local governments have been involved in the delivery of services under CETA since its beginnings in 1973. Throughout those 8 years, local governments that have been successful have developed considerable expertise and generally have good relationships with other parts of the employment and training community.

Changing completely to another system without any provision for involving those local governments that have good records of management, good working relationships with the private sector, and that wish to continue their involvement in the program is inefficient and wasteful.

The final responsibility for planning and for administering the job training programs locally should reside in the same entity. Private business and industry representatives may not always be willing to accept full responsibility for administering training programs.

If the PIC administers the program locally, the plan should be developed by the PIC in coordination with the chief elected officials. If local government officials administer, they should develop a plan in coordination with the local PIC. In such cases, PIC's could be assigned specific responsibilities in developing parts of plans, specifically:

(1) establishing, reviewing, updating and approving training curricula and procedures;

(2) establishing procedures for and certifying training institutions;

(3) assessing and providing industry-specific information on the demands for labor and on the minimum skill requirements for entry-level jobs in their firms.

Matching Funds

1. A portion of Federal funds should be set aside for matching grants to States and local programs that come up with equal shares of non-Federal funds, as proposed in the Hawkins and Administration bills. One of CETA's chief failings, in our judgment, is that there was not the degree of ownership or investment at the State/local level to make it a genuine State or local program.

Program Elements and Allowances

1. A set-aside for youth is preferable to separate programs, with separate eligibility and program requirements. There should be a strong emphasis on preventive activities as the most efficient and effective way to reduce youth unemployment.
2. Wage subsidies should not be permitted in either the public or the private sector in order to focus the program on training, as suggested in the Administration's bill, and any employer costs associated with on-the-job training should be permitted.
3. Allowances should not be permitted, as suggested by the Administration and the Quayle/Kennedy proposals, and participant costs of program participation should be permitted as outlined in all bills.

Management and Fiscal Controls, Program Evaluation, Rewards and Sanctions

1. Reporting requirements should be tied closely to performance goals and should be limited to a number of key items.
2. Whenever possible, automated management information systems should be used, and uniform reporting requirements (definitions, etc.) should be adopted for all employment and training programs. Key data items should be compiled and directed back to local program operators as soon as possible.

3. To identify problems more quickly, financial audits at some level should be conducted annually (as called for in the Hawkins and Jeffords bills) rather than biannually. Each State and program administrator should be required to establish a general ledger accounting system to comply with generally accepted accounting principles such as those developed by the American Institute of Certified Public Accountants. This would simplify the auditing process.
4. The Secretary of Labor, in conjunction with the Comptroller General, should develop financial management and audit standards. States should develop plans based on these Federal criteria and should submit them to the Secretary of Labor for concurrent review with the Comptroller General.
5. A small administrative error rate should be permitted, for nonfraudulent error. This might be on a sliding scale so that States and program administrators who have fully certified financial management systems could have a 3- or 4-percentage error rate, while those with conditionally certified plans or poor performance could be restricted to a 2-percent error rate.

Coordination

Because a single, comprehensive employment program is an unlikely possibility at this time given a host of political and administrative problems, the emphasis should be on improving program coordination where it can be shown that coordination improves service delivery. To achieve this aim:

1. Funding cycles, reporting requirements, planning requirements, and coordination mandates should be made parallel for existing programs, wherever possible.
2. At both the State and local levels, administrators should have the option of combining advisory councils whose functions relate to employment and training.
3. Economic development agencies should be added to the list of possible representatives on State and local planning and/or advisory bodies.
4. Promoting joint planning between the job training system and the Employment Service should be encouraged. Congress should consider removing enforcement or compliance functions (e.g., migrant housing inspections) now performed by the Employment Service, or allowing the Employment Service to perform such functions only on a cost-reimbursable basis.

5. Uniform, concise language that mandates coordination with the new job training program should be placed in the laws (or regulations) of every program with which the new program ought to be coordinated (e.g., Wagner-Peyser, Vocational Education, Social Security (UI and WIN)).
6. Coordination should not be regarded as a magic answer for getting more out of less. In particular, it should be realized that strong accountability provisions are inconsistent with programs relinquishing control of any part of the intake-counseling and training-placement process to other agencies.
7. The provisions of the Quayle/Kennedy bill regarding uniform planning and local service delivery boundaries seem to be the most effective way to promote better coordination between the Employment Service and the job training system.

Displaced Workers

1. In general, displaced workers should be treated separately because their needs are different from those of disadvantaged youth and adults.
2. The most effective services for displaced workers appear to be: pre-layoff assistance, job search assistance, job clubs, retraining assistance, and long-distance job search assistance.

3. Some flexibility should exist, as proposed in all the bills, to serve displaced workers in local job training programs. Any substantial new commitment of Federal funds for this group should be concentrated on displaced workers in declining regions and the eligibility criteria should take into account the need for intervention prior to permanent displacement.

SUMMARY OF NCEP-SPONSORED RESEARCH AND FIELD WORK

Throughout 1981 the Commission's staff undertook a broad range of research and fact-finding activities designed to provide information on how to improve future job training programs. A complete list of these activities is attached to the end of my statement. In brief, they included examinations of the groups in trouble in the labor market, including displaced workers; a field survey of regional, State, and local CETA, Vocational Education, Work Incentive Programs (WIN), and Employment Service operations; an examination of the Private Sector Initiatives Program; a comparison of private sector, decentralized management practices with the CETA system to determine ways to improve program management; and a study of the barriers to coordination of 12 federally funded programs related to employment and training. In addition, conferences were held with State and local prime sponsors, Private Industry Council (PIC), Vocational Education, and Employment Service personnel, with experts in the area of labor market problems and programs; and with European manpower specialists to examine how their successful policies might be adapted to the United States. A brief summary of this work as it affects the legislation before you follows.

Goals, Performance Standards, and Performance Incentives

CETA has been alternatively viewed as a training program, a jobs program for the hard-to-employ, a community service program, a revenue sharing vehicle, a jobs program for the cyclically unemployed, a demonstration program, and a program to get the private sector more involved in employment and training. The emphasis on these activities has changed over the years, resulting in different perceptions of what the program was to accomplish at the Federal, State, and local levels. Public agencies and public managers received different signals on how they should operate CETA from various groups and individuals, and the legislation itself embodies process and outcome goals that are not always compatible. A study by Kappa Systems found that the profusion and changing of goals under CETA severely hampered the ability of program operators to manage efficiently over the years.

One of the major differences between public and private sector management, according to a comparative study by Booz-Allen and Hamilton, Inc., is the clarity and number of goals. Crucial to the efficient operation of private business is the establishment and adherence to clear, congruent goals and objectives by all elements of the system. Private sector corporations work hard at cultivating in their field managers the company goals and themes. The goals of the employment and training legislation should be clear and concise. They should be reinforced with consistent eligibility and performance standards, clear lines of responsibility and accountability, efficient and effective management, and fiscal and information systems from the Federal down to the State and local levels.

The overall goal of the program should be to increase the long-term earnings of participants beyond what they would have been in the absence of the program. If we cannot raise the earnings of persons through training and placement programs, then those individuals might just as well not have been treated.

NCEP work on evaluating CETA shows that the Continuous Longitudinal Manpower Survey can be used in combination with Social Security earnings data to look at the effect of the training programs on participants' earnings gains. It takes time to follow up, retrieve, and analyze the data--at least 1 1/2 years.

Our work also indicates that different short-term performance indicators are required for programs aimed at different employment problems. For youth, immediate postprogram earnings are not a good performance standard. This is partly because it may be particularly desirable for youth to seek further training rather than to enter full-time employment. Further, youth have generally not established prior earnings records against which to judge their postprogram earnings.

Programs that serve disadvantaged adults with prior earnings records can be evaluated on the basis of their contribution to participants' earnings gains. Research shows that these results, particularly for classroom training, often do not begin to show up until 6 months after the participant has left the program.

The needs of displaced workers are different from those of youth or disadvantaged adults. Work by Marc Bendick indicates that displaced workers have already acquired basic job skills and frequently have substantial job experience. Thus, job search programs may be more important than training for this group. Postprogram earnings gains are not a good criterion, since many displaced workers (e.g., auto workers) were already highly paid, and what is needed is help in finding an adequate job.

Practitioners surveyed stressed that the Federal Government should set national performance criteria, but that local discretion to modify the standards to local conditions is essential. Further, practitioners also argued that emphasis on placement in CETA evaluation often leads program operators to cream.

Performance evaluation under CETA has been reviewed carefully by Booz-Allen, both in the current study for NCEP and in an earlier 1975-76 study for the Employment and Training

Administration. Booz-Allen reviewed the new DOL performance measurement system, which takes into account local factors such as unemployment rates and the level of disadvantaged persons trained, and found difficulties even there. The new system continues to measure relative rather than absolute performance and does not provide a clear measure of the program's social impact. Furthermore, since the system also fails to provide estimates of performance within components, there is still no way for prime sponsors to assess or measure the performance of their various subgrantees and contractors. Performance-based contracting is seen by program operators as an effective way of assessing such performance.

Booz-Allen found that the private sector placed far more stress on rewarding superior performance by psychological motivation and incentives to managers than did the public sector under CETA. Although monetary rewards may be a potent force in the private sector, other practices frequently mentioned in the Booz-Allen study were:

- Making field managers feel important by stressing their special reporting relationship to top corporate management.
- Recognizing field managers who were top producers and who achieved operating goals.
- Creating career paths to allow successful managers to advance to corporate positions.

Psychological motivation, making field managers believe they are an important part of a larger effort, was generally missing in the CETA experience, according to Booz-Allen. In addition, other researchers (Ohio State, Kappa Systems) who examined the CETA management systems for the Commission voiced strong support for some kind of funding award for superior performance.

Eligibility

NCEP research clearly demonstrates the importance of helping the economically disadvantaged. People with low earnings over the course of one year are most likely to have low earnings in future years, and low earners in low-income families are least likely to be able to afford to purchase their own training or persuade an employer to provide training opportunities.

CBO recently estimated that there are approximately 16 million persons who are in families with incomes at or below 70 percent of the BLS-lower living standard who are eligible for CETA training. Of these, about 4 million are between the ages of 16 and 21.

Although much attention has been focused on the high unemployment rates of the youth population, research indicates that the problem is not generalized for all youth, but rather is highly concentrated on those parts of the broader youth population who are school dropouts, minorities, poor, and/or female. Indeed, these are the same groups who are later found to become disproportionately poor as adults. Because unemployment is not associated with age alone, the fact that the so-called "baby boom generation" has now matured to the point where most are entering or have entered the labor force is not sufficient to solve the problem of high youth unemployment.

The Delivery System

- Designation of Service Delivery Areas: The Kappa Systems' survey of State and local program operators found, not surprisingly, that the majority felt that continued Federal designation of guidelines for service delivery areas as in the present CETA law would be preferable to complete State discretion in the determination of service delivery areas. The States, they feared, would be tempted to become involved in political manipulation. In two of the nine Balance-of-State operations surveyed by Kappa, the service delivery areas and program administrators had been shifted several times, in their opinions, primarily for political reasons. This was found to be very disruptive to program goals.

  Big cities feel it is important to be able to avoid being lumped in with surrounding suburban counties. The demographic characteristics, the kinds of services, and the access to available jobs differ between inner-cities and suburbs. Suburban eligibles tend to be better educated and need less remediation and less-costly services. They are closer to the available jobs and more likely to have the characteristics that employers want.

  Regardless of who decides the designation, there is agreement that the current minimum population base of 100,000 is generally too low. Many small prime sponsors have experienced high administrative costs. It is likely that with loss of PSE and the budget cutbacks, smaller areas will be even less feasible.

- Planning: The art of planning has not advanced much under CETA. Planning staffs have been busy responding to changes in program direction, implementing economic stimulus programs, putting new youth programs in place, gearing up for additions to public service employment, phasing down (and then out) PSE. Planning in CETA, as in the Employment Service, is largely compliance planning, i.e., putting the right numbers in the right blanks. The research (Kappa Systems and Booz-Allen) found that planning was difficult because of the complex processes involved--late advice on funding levels make planning an exercise in fiction, the lack of congruence among funding cycles for the various programs make coordinated planning difficult. Unless a stable system can be put in place, this is unlikely to change no matter who is responsible for planning or running the system.

All of our sources agree that a single planning council would be preferable to and less expensive than the multiple councils presently required (Kappa Systems and Ripley and Franklin).

Aside from the question of general membership composition, representation requirements should be determined locally; government, business, and politics are very local and there should be flexibility in decisionmaking (Kappa Systems and Ripley and Franklin).

Concerning the belief that the business and industry representatives on councils must be owners or chief executive officers of private for-profit businesses, the interest here is to get businesses to send some important people. Yet, our work found that the trick to doing that at the local level is not in mandating who should come as much as in the responsibilities the board has and the importance of those responsibilities to the businesses involved. Ripley and Franklin found that no matter how important a role they are assigned, businesses must be actively sold on participating in these programs. They found committed local officials were often critical to obtaining a high level of private sector involvement. The restriction of PIC private members to for-profit businesses would leave out some potentially useful people, such as heads of non-profits such as hospitals, Blue Cross, or health maintenance organizations.

The Kappa and Ripley studies surveyed business people to identify key ingredients and barriers to successful business involvement. Among the keys: commitment of local elected officials, strong staff support, and a clear understanding both of the role and the importance of the role business is to play. Among the barriers: programs not perceived to be in the employer's self interest, instability of funding and insufficient lead time for planning, CETA politics and bad press, concern about releasing proprietary information to PIC's that might be acquired by competitors, fear of being involved with the Government, low opinion of CETA clients, and an inability to identify their own training needs or to design programs to train their own employees. These are the barriers that will have to be dealt with in order to get a high level of business involvement at the local level.

Our research and survey of PIC chairmen show that there are two areas where business people feel they have a comparative advantage in planning employment and training programs: (1) establishing, reviewing, updating, and approving training curricula and procedures; and (2) assessing and providing limited industry-specific information on current and future demand for labor and on the minimum skill requirements for entry-level jobs in their firms.

While the advisory role of employers has not worked very well in CETA, Kappa found that employers participate regularly and actively in vocational education advisory committees even though their role is limited, and they act strictly in an advisory capacity. They review training curricula, suggest changes in training content and procedures, and provide limited industry-specific information on future local demand for labor and on the minimum skill requirements for entry-level jobs in their firm. Some also donate personnel and equipment, and, often, work experience opportunities to students.

With few exceptions, the European countries have established a comprehensive and stable institutional structures for addressing employment and training problems. In the European experience, business participates as an equal partner with government and labor in overseeing the development and implementation of employment and training schemes. They participate in the development of policy at the national level. The policy is then coordinated and transmitted down to the local level by a single national institution, established by the national government, but often independent of it. At the local level, intensive placement, counseling, and training services are delivered to jobseekers and firms by well-trained, professional government manpower and placement personnel. Participants in the tripartite organization serve several functions at every level in this system:

- They provide information leading to more effective program design.
- They sanction and have a stake in the success of the policy approaches adopted.
- They provide outreach and information to jobseekers and employers.

o Administration: The Ripley and Kappa reports make clear--based on the past history of private sector involvement in employment and training and on the testimony of employers themselves--that the private sector generally sees its role as an equal or even junior partner with government, not as the dominant partner. Most employers have neither the interest nor the capacity to run an entire service delivery system. For those PIC's ready, willing, and able to design and administer programs, however, the opportunity to do so should be available. The decision could be made by local governments, by consortia of local governments, or by the Governor when the local governments do not want to administer the program.

Our research and contacts with employers and program operators have shown local government participation to be important for the following reasons:

- The higher the commitment of elected officials to PSIP, the higher the level of private sector involvement.
- In the Kappa study, it was generally recognized at both the State and local levels that local jurisdictions need to play a significant decisionmaking role for an effective delivery system. Balance-of-State program people admitted their limitations both administratively and politically in getting involved in local operations.
- Plants locate in States, but they locate in political jurisdictions within those States, and they identify first with the local government structure. This is

even more true for small businesses. Experience seems to show that a one-to-one approach to business at the local level is one of the most effective ways to get them involved. It is at the local level where the economic development and training linkages most often take place.

o State Responsibilities: Coordination and technical assistance are thought by program operators to be important State functions. Program operators at our conference on "Alternatives for New Employment and Training Legislation" thought that there should be one State council with broad responsibilities for helping to coordinate planning and evaluation beyond CETA to encompass other major human resource categories (e.g., vocational education, vocational rehabilitation, Employment Service, Unemployment Insurance, and some aspects of welfare). They also felt an important function in this regard would be to establish cross-training opportunities for staff members in related agencies and programs. They believe the need for, and benefits of, such training have been demonstrated in other program areas, and in some States under CETA auspices.

Present Governors' Grant and Balance-of-State CETA responsibilities have clearly come under the jurisdiction of the Governor. This is not the case in all States when it comes to State vocational education, the State

Employment Service, UI, welfare, or elementary, secondary and post-secondary education.

Program Elements and Allowances

Participants at the conference on "Alternatives for New Employment and Training Legislation" (representatives from State and local governments, prime sponsors, business, and other related organizations) generally agreed that where funding for training is limited, the program should be simplified to provide a single consolidated effort rather than continue separate programs for disadvantaged youth.

The prohibition against paying wage subsidies to participants in work experience in private for-profit organizations has been singled out by prime sponsors as one of the greatest barriers to finding jobs in the private sector for inexperienced persons, especially youth. In one experiment, the State of California contributed State funds to pay wage subsidies for youth employed by private for-profit firms under work experience programs. The California program reported a high success rate for hires of participating youth.

At our conference there was general agreement among participants that services should be flexible, be provided in a logical sequence, and be offered according to individual need. Participants generally agreed that all activities presently listed in the Act should be allowed, and many supported the idea of paid work experience in the private sector as well as a 100 percent subsidy for on-the-job training (although in the latter case strict monitoring would be required to prevent abuse).

CETA program operators expressed widespread agreement about the need for making allowances optional at the local level, with accompanying discretion to set the level of allowance on an individual needs basis. Some program operators felt that trainees should be motivated to see the long-term economic advantage of the training opportunity without additional financial motivation in the form of allowances. A flexible allowance structure would allow operators to put as many people as possible into training and thereby serve a greater proportion of the client population. Program operators criticized the current allowance system for making trainees reluctant to be placed since employment at the minimum wage is often less attractive than continuing to receive a tax-free training allowance. Therefore, if faced with a drastic budget reduction, most program operators cited a preference for eliminating training allowances altogether. Such a step would, however, have an adverse impact on the accessibility of the program to people in poor families. One way of offsetting this would be to provide more training at night or on a part-time basis. Another would be to vary the level of the allowance according to family income.

Management and Fiscal Controls

A study by Booz-Allen and Hamilton, Inc. compared the management practices of the Department of Labor under CETA and of selected private sector firms with a decentralized management structure. The study concluded that private firms put enormous emphasis on the establishment of and adherence to clear, congruent goals and objectives and tying their fiscal and management systems to those specific goals.

The private sector also stressed the importance of receiving frequent, accurate, and objective reporting of both performance and financial data. The more decentralized the private sector corporation was, the more emphasis was placed on frequent reporting. A review of the reporting requirements also indicated that they were generally comparable in complexity to those required by CETA although they appeared to be considerably more focused on obtaining key data items. (A study of the CETA management system by another researcher also pointed up the difficulty of many small prime sponsors without large administrative staffs to handle all of the data requirements well. A few key items are more likely to be reported on accurately by large and small sponsors alike.)

"Built-in" data collection was the norm for private firms in the Booz-Allen study, with standardized, automated reporting providing useful information with a minimal reporting burden on field operating units. Annual audits were required in those private sector firms examined in contrast to biannual auditing under CETA. The private sector also made use of dual reporting systems in which information was directed simultaneously to company auditors and local managers. Finally, the private firms with franchises placed great stress on providing on-site technical assistance through company representatives. Whenever sanctions were applied, it was the practice for upper level management to perform that task, unlike the CETA system where Federal representatives combine the role of technical assistant and sanctioning agent.

Ripley and Franklin's CETA management study pointed out the need for some kind of flexibility or allowable error rate to be built into the reporting system as is now provided under welfare and unemployment insurance programs. Under the current system, prime sponsors are completely liable for all disallowed costs found after the fact, even if they had no means of knowing about such costs at the time they were incurred. The result has been to make prime sponsors overly cautious and inflexible in some of their management decisions.

Coordination with Other Programs

The Commission's research focused on the need for better coordination among existing programs. It is generally agreed that existing education, employment, training, and human resource programs operate with only small attention focused on linkage.

A study by Ketron, Inc. examined the barriers to coordination in the law and regulations of CETA, Adult Education Act, Food Stamp Act, Wagner-Peyser Act, Older Americans Community Service Employment Act, Trade Readjustment Act, Vocational Education Act, Vocational Rehabilitation Act, and the Social Security Act (Aid to Families with Dependent Children (AFDC), Unemployment Insurance (UI), Work Incentive

Program (WIN), and title XX social services). A number of specific reasons for the lack of local program coordination were identified:

- Lack of standardized planning cycles and planning areas.
- Lack of decision authority for local managers to make agreements with each other.
- Lack of knowledge of other programs, plans, and resources.
- Animosity created by lack of reciprocal coordination requirements.
- Difficulties created by differing means tests for program eligibility.
- Budget cutbacks that reduce cooperation and lead to unrelated efforts to preserve existing staff levels.
- Different goals.
- Differing performance standards and accountability rules.
- Differing recordkeeping and reporting requirements, cycles, and definitions.

The Ketron researchers made three important general points: (1) Any benefits from coordination or consolidation may be offset by neglect of groups now targeted by specific programs who would be less well served; (2) no empirical research exists on the size of the efficiency gains to be expected from coordination; (3) if programs have administrative responsibility for "their" clients, little can be gained from coordination in terms of overall effectiveness of the system, although costs may be shifted among programs.

A study by the U.S. Conference of Mayors that focused specifically on CETA/vocational education linkages concurred with many of these findings. Differences among client groups, matching requirements, program jurisdictions, planning and funding cycles, and basic program mandates were all cited as factors that interfered with close cooperation among administrators of the two programs.

A third study by Kappa Systems, Inc. examined the problems and benefits associated with a continuum of consolidation options involving CETA, ES, WIN, and vocational education. The various potential consolidation options were discounted by State and local program operators from these systems because of difficulties involving: (1) staffing problems stemming from civil service regulations, pay scale differentials, and job titles and descriptions, (2) lengthy conversion time required for changing reporting processes, (3) political problems inherent in altering the present balance between CETA-ES-Voc Ed, in particular (potential turf battles), (4) institutional biases on the part of staff that cannot be quickly overcome, and (5) problems of scale leading to unwieldy program administration.

Displaced Workers

Displaced, or dislocated, workers were defined by Bendick as able-bodied adults who remained unemployed for over 26 weeks and who had last been employed in a declining industry, occupation, or region. In March 1980, there were an estimated 400,000 displaced workers in the country; about two-thirds of these lived in declining regions. Our researchers estimate that the total might be closer to 500,000 currently, just on the basis of higher national unemployment.

Displaced workers in general do not suffer from the same labor market handicaps that disadvantaged workers experience: They tend to be better educated and to have greater assets in savings, more access to programs (particularly Unemployment Insurance) that cushion the impact of joblessness, and more often the assistance of second family earners to enable them to continue their job search. Minorities and women, who have their own special disadvantages in the labor market, compose a relatively small proportion of displaced workers. On the other hand, dislocated workers have a different set of handicaps: They tend to look for new jobs less intensively than disadvantaged workers, primarily because they hope to get their old jobs back; they often resist moving because they own homes and cannot sell them or they have a strong attachment to their community; or they believe their job prospects and salary could not be bettered elsewhere. Older displaced workers, in particular, may experience a loss of self-confidence and self-esteem that hampers their job search. Dislocated workers who have the most trouble finding new jobs are those in declining regions. Simply being from an industry or an occupation in nationwide long-term decline has generally been found to have little effect on a worker's reemployment chances. However, unemployed adults in declining regions have longer average spells of unemployment than workers elsewhere. The automobile industry, which dominates its region, is a special case needing special treatment, our researchers concluded.

Research conducted for the Commission indicates that there is little reason to focus Federal resources on displaced workers, per se. Rather, Bendick found that displacement of some workers is symptomatic of general shortcomings or "failures" of the private market for labor. These shortcomings are: unemployed individuals lack adequate job search skills; unemployed individuals fail to purchase adequate training; inadequacy of facilities to help unemployed individuals search for jobs; failure of employers to provide adequate training. The study suggests that anyone who suffers from these shortcomings listed above should be eligible for the kind of assistance currently being proposed for displaced workers.

Apart from the argument that displacement should be defined quite broadly, if at all, Bendick examined evidence about the most appropriate kind of assistance that could be used to speed the placement of displaced workers into unsubsidized employment.

He found that job search assistance and retraining assistance can be effective, but that mobility assistance has not generally been effective.

Many dislocated workers have experienced extensive employment with one employer before being laid off. Thus, they have not had much experience at job hunting. Secondly, persons suffering negative emotional reaction to job loss may require encouragement to actively search for a new job. When workers become unemployed because of plant closures or mass layoffs, the job search process may become particularly difficult. A further argument in favor of job search assistance is its relatively low cost per client served, compared to worker retraining. At the same time, the unemployment compensation saved may be substantial.

"Examining the Job Service in the United States," by David Stevens, suggests that the average proportion of successful job placements accounted for by this institution is less than 7 percent and that most of the job listings are for poorly paid, entry-level positions. Further, most Job Service offices do not currently provide much counseling or job search advice, are often overburdened with unemployment insurance claims at a time when placement assistance would also be most needed, and list only job openings in the local labor market. All of these conditions suggest that the Job Service as presently operated is poorly positioned to serve the majority of displaced workers.

There are several reasons why unemployed workers may underinvest in their own retraining. First, they may have poor information about the availability of jobs for persons with different kinds of training. Second, they may be afraid to take a chance on investing in training for a new job, having been served poorly by their previous training. Third, reduced current income may make it difficult for unemployed workers to finance training whose returns will occur in the future.

Bendick found that mobility assistance is likely to be either very expensive per worker moved, or, if less subsidy per worker is used, to be ineffective at getting workers to move. Research has shown that while the U.S. population is relatively mobile, mobility declines rapidly as households become older and as the length of the move increases. Several factors contribute to the resistance of displaced workers to move: hope of getting their old jobs back, homeownership, attachment to the community, presence of a second earner who will lose that job if a move occurs. Previous experience with several demonstration projects and with Trade Adjustment Assistance indicates that not many people can be induced to move with modest subsidies, and that most of the benefits probably went to workers who might have moved away. The most effective kind of mobility assistance seems to be providing resources for long-distance job search. Workers are much more likely to move if they have already secured a job elsewhere.

Commission-sponsored research by Mike Barth finds that displaced workers, in general, take a while before they are willing to admit that they need retraining. Barth recommends consideration of a Canadian scheme (called the Manpower Consultative Service) in which advance notice of layoffs and closedowns is given and employers and unions are involved in assisting displaced or about-to-be displaced workers to find new jobs.

SUGGESTIONS ON THE FUTURE ROLE OF THE NATIONAL COMMISSION

During our February Commission meeting, the public members and the Federal representatives discussed at some length the future of the Commission, including whether it should be continued. We agreed that the Commission serves a much-needed national purpose and that it should be retained with few changes in the new legislation. The mandate is broad enough to allow flexibility in responding to a changing environment and yet narrow enough to provide meaningful boundaries; membership is appropriate to carry out the mandate; and the administrative provisions facilitate smooth operation. We believe that the current legislation is as valid for the future as it has been in the past. The following is our rationale for, in essence, reestablishing the existing Commission.

Mission

The Commission believes that the current mandate under Sections 501 and 503 (with the deletion of paragraphs (9) and (10) of Section 503) is both necessary and sufficient. We believe it desirable to have a small organization independent of any Federal agency that looks at major national policies and programs with an eye toward the "big picture" and that provides purely advisory services to policymakers. A broader mandate could tend to dilute our efforts at the policymaking level and a narrower one could cause us to be less responsive to changes in the national situation. An enlarged mission would also require additional funding and possibly a change in membership.

Membership

Unless the Commission's functions are expanded or altered drastically, we feel that our current size and composition are most useful. A membership of 15 provides a workable group in which each member can participate fully. A smaller number could place too heavy a workload on each member and a larger number could decrease each member's opportunities to participate. If membership is increased, additional funding would be required to support it.

We believe that a mix of governmental and business representatives is both useful and appropriate because both sectors play vital roles in developing and implementing employment policy and programs and the Commission can serve as a forum for drawing the two groups together for study and discussion. Because of their increasing roles in the areas of Commission interest, the Commission believes that State and/or local governments should have two representatives on the Commission.

If Congress so desired, the Commission would support having a Commissioner appointed by the leadership of each House of Congress.

If increased participation by agency heads were deemed desirable, we would suggest the Secretary of Commerce. The Commissioners were evenly divided on whether Federal agency heads should be voting or nonvoting members.

Terms of Office

The Commissioners believe that 3-year staggered terms are desirable to assure continuity while providing an annual infusion of new outlooks and ideas. We believe current members should complete their terms and that new appointees' terms should be staggered so that one-third of the total appointed membership changes annually.

Name

Unless the functions of the Commission are increased or drastically altered, the Commission would prefer to retain its current name. We believe it is adequately descriptive and inclusive. A small consideration is that a name change would require new expenditures of funds on such things as letterhead, franks, envelopes, and changes to numerous computerized documents and files.

Administrative Provisions

The Commission proposes that most of the current Section 504 and a few sections of the original (1973) title be incorporated into the new legislation. We would suggest one change: That the number of persons appointed without regard to civil service rules and regulations be increased from three to one-third of the staff. It is our belief that a core staff of civil servants combined with a series of short-term non-civil service professional appointees would help assure an optimal combination of responsiveness to changing projects and continuity over time.

The authorities to enter into contracts, accept gifts and voluntary services, and use services of other agencies have all proven useful and we wish to keep them. We recommend including a section transferring current staff, records and property to the new Commission to assure a smooth transition and allay any potential problems created by the dissolution of one Commission and the establishment of another.

Reports

Policy reports to the President and the Congress parallel the charge to the Commission to advise both. We believe that dual reporting enhances our effectiveness and independence. Special reports to those persons who request them or who can make use of them seem appropriate. We see no compelling need to change the reporting requirements unless the mission of the Commission is altered substantially.

Funding

Since 1978, the Commission has received a specific funding level in the employment and training section of the President's budget. We suggest that this practice be formalized in the new legislation. This could be accomplished by specifying a set-aside for the Commission in the authorization of appropriations section of the new legislation. Specific provision of funding would emphasize the independence of the Commission and hold it more directly accountable for its funds.

We suggest the phrase "...of which $2 million shall be for the National Commission for Employment Policy."

NATIONAL COMMISSION FOR EMPLOYMENT POLICY

Contracted Research on CETA Reauthorization

The Urban Institute, Marc Bendick

"Dislocated Workers: Identifying and Assisting a Population Experiencing Labor Market Difficulties"

KAPPA Systems, Inc., John Mitchell

Review and assessment of current systems for delivering federally-supported employment and training services, with particular attention to the decentralized prime sponsor system established pursuant to the CETA legislation.

Randall Ripley

The role of the private sector in federally supported employment and training programs and policies.

Booz Allen and Hamilton, Inc., John Newman

"A Comparative Assessment of Decentralized Management Models in the Public and Private Sectors"

The Urban Institute, Laurie Bassi

An evaluation of the mechanisms that can be used to stimulate job creation in the public sector.

Public/Private Ventures, Inc., Peter Bearse

Strategies for economic development and employment and training, identifying institutional barriers to linking the strategies in various local settings.

Ketron, Inc., David Miller

"Coordination among CETA and Other Federal Programs Providing Employment, Training, and Income Support"

ICF, Inc., Michael Barth

"The Role of CETA in Providing Services to Nondisadvantaged Displaced Workers"

Robert Cook

Evaluation of the effects of past public sector employment programs and prediction of the effects of new programs that may be recommended for legislation and implementation.

Richard Nathan

Policy analyis of intergovernmental grant arrangements for employment and training programs.

Bureau of Social Science Research, Inc., Laure Sharp

The use of vouchers as a means of delivering employment and training services at the prime sponsor level.

Richard Freeman

"Troubled Workers in the Labor Market"

David Stevens

Plan, organize, conduct and report the results of a Harvard Institute on Employment and Training Administration, held October 28-29, 1981.

Harold Wool

Analysis of previous policy initiatives for assigning a role to the military in the national effort to improve the labor market status of the disadvantaged.

Senator **Quayle**. Thank you very much, Mr. Smith, and I have already taken you up on that offer to consult and get your input on this legislation, and the employment policy that we should be pursuing. I certainly thank you for all that help.

I have just one question, and it goes to page 7 of your submitted testimony, rather than the summary, which was excellent and to the point.

You talked about the local governments have been involved in the delivery of services under CETA since its beginnings in 1973.

Your basic conclusion is that there are some good successful cases that we can find, and just to quote directly, at one paragraph that I found intriguing, you say:

> Changing completely to another system, without any provision for involving those local governments that have good records of management, good working relationships with the private sector, and that wish to continue their involvement in the program, is inefficient and wasteful.

In other words, where we have a good system in place, let us not change it. I think it goes to the points we have discussed with you privately, and we have talked about today publicly, flexibility.

I wonder if you might be able to apply that statement and that philosophy to the two pieces of legislation that are before the Senate, S. 2036 and H.R. 5320?

Mr. **Smith**. Yes, we think if you pushed us to the wall on it, and I am mindful of Chairman Hawkins reminding me when I first met him, that we need to be forthright and candid, and not be too pushy on some of these things, and I will try to do that, that we come out somewhere between the two pieces of legislation.

Senator **Quayle**. If Congressman Hawkins did not get that message across to you, do you want to restate that?

Mr. **Smith**. We feel that the local government should be a part of this legislation. As you heard in my summary, we are very concerned that there be effective local opportunities for decisionmaking, that it must have a statewide coordination, but program decisions must be arrived at locally. Therefore, we think that those local governments that have done a good job should be given preferred status for offering the program, but we also, in light of some past experience, believe that the private industry council in those cases should play a role, perhaps as an approving agency, so that whatever plan the local government comes up with, that the private sector has the opportunity to do more than advise.

We believe that they should advise and consent to the plan that is finally arrived at by the local government. We are also mindful of the fact that many private industry councils would, frankly, be unwilling to take on the responsibility for administering the program.

We think that enough Governors will clearly take into account those local governments that have done a good job. We feel confident that with the private industry councils advising them, working with them, and having some genuine authority over the ultimate plan, that in fact no matter whether your bill, or the administration's bill, if those are the two choices, were passed, the net effect would be that local government would continue to play a major role.

Senator **Quayle**. I wonder, in the spirit of what Congressman Hawkins has said, as far as being direct, and pushing to the wall, that you might say take the bipartisan bill, S. 2036, and tell me what changes in that particular area would you make?

Mr. **Smith**. Well, to be honest, we are not unhappy with your current bill.

Senator **Quayle**. Thank you.

Congressman Hawkins, your turn.

Representative **Hawkins**. I want to thank you for having taken my advice. I remember Franklin Roosevelt once said these are preeminently the times to tell the truth.

I wish to commend you on going in that direction.

Mr. **Smith**. And dangerous, sir, when you are considering reauthorizing the Commission.

Representative **Hawkins**. Let me ask a bipartisan question.

On page 7 of your summary statement, under 8, you say: "private business and industry representatives may not always be willing to accept full responsibility for administering training programs."

With respect to the bills pending before the Congress, and I am not trying to pin you down on endorsing any particular bill, but inasmuch as the administration's bill makes the private industry council the administrative unit for the local program, would we assume from your statement that there would be individuals who may not be trained, including the most needy ones who may not be job ready? The truly needy, as the administration says, might be left out, because local business interests are involved in making a profit. I would certainly go along with that particular position since that is what you are in business for—to make a profit. Would there be many individuals for whom this program is supposed to be intended in the first place who would not be trained?

Mr. **Smith**. No, sir; if I read you correctly, we have confidence that, by and large, the business community will in fact work hard on behalf of the disadvantaged.

I have some personal experience that helps to reinforce that, but this particular point we are making on page 7 is that we have surveyed many of the private industry councils, and others, and have concluded that as a group many are unwilling to deliver the service area without greater strengthening, or perhaps revision and, therefore, our group views that there should be opportunities for the local government to be the delivery agency.

I think, sir, that the private industry councils have a record out there that indicates that they are willing to work for the disadvantaged.

My sense is that they are much more unhappy about the regulations, and the feeling that they have had their hands tied for so long, instead of a lack of commitment to working with the disadvantaged today.

I think, for any group, what matters is not so much that they are disadvantaged, or not, but that they come to work on time and are willing to work.

Representative **Hawkins**. You are saying that if two individuals present themselves to you, one who is job ready, and has the skills, and motivation, and the other who has a lot of problems, such as alcoholic problems, family problems, lack of skills, poor work habits, and so forth, that you would select one, as well as the other?

Mr. SMITH. All these bills, as we understand them, are designed to help make sure that the disadvantaged citizen who walks in the door has the necessary kinds of skills and motivation. That is why I think we are here today. I think the business community, as has been witnessed over the years, they have hired hundreds of thousands of disadvantaged citizens, like CETA, and others, and my sense is that they are willing to do it, and give those disadvantaged citizens an edge, so long as they do have those skills.

As a businessman, you are not going to hire somebody who will not come to work on time, and do a good job. There is no question about that.

But I believe if we do a good job in this bill, that we will make sure that the citizens come in with the same opportunity.

Representative HAWKINS. Would you say that the proposal in the bill I am offering, in which the private sector, and the local prime sponsor would have a partnership, that each would have an equal role?

Mr. SMITH. Yes, sir.

Representative HAWKINS. Would both entities have to sign off on the money, the design, and so forth?

Mr. SMITH. We like that.

Representative HAWKINS. Is that an ideal situation?

Mr. SMITH. We believe so.

Representative HAWKINS. There is complete involvement of the private sector. They have as much power in the operation of the programs as the local governing body, but you do not eliminate either one of them?

Mr. SMITH. No.

Representative HAWKINS. You insure that the qualifications, for example, who is going to be served, is an equal choice of both groups?

Mr. SMITH. Yes.

Representative HAWKINS. You would not leave out the individual for which Government is the bedrock of responsibility that CETA is taking care of whether the private sector wants to do it, or should do it or not?

Mr. SMITH. I think it is a strong feature of your bill, sir.

Representative HAWKINS. Thank you.

Senator QUAYLE. Senator Hawkins?

Senator HAWKINS. Because of our limited funding, S. 2036, prohibits expenditures for allowances and stipends, except for performance bonuses. So that more funds are spent on actual training, and that funds can serve a larger population?

Mr. SMITH. Right.

Senator HAWKINS. Does the current allowance system not create a situation where trainees have an incentive to enroll, but not to learn? That is my first question.

And do not some trainees choose the tax-free allowance over the minimum wage paid in the private sector, in many cases?

Mr. SMITH. I think there is good examples of that, both of those points.

But there are obviously equally good examples where allowances and stipends have been helpful, and we in the Commission, and in my personal background, have seen both.

And, as you see from our testimony, Senator, we do believe, in light of the tight budget, and in light of the need to be a training program, that we are in favor of the administration's position of not paying those funds for that purpose.

Senator HAWKINS. Can you expand on your statement that performance standards that are developed at State and local levels will create an incentive to establish standards that are tougher and better complied with than minimal Federal guidelines?

Can you expand on that?

Mr. SMITH. Yes; I think it is fair to say, from our experience, that the Federal guidelines tend to be the ceiling too often on performance, that tends to be the objective arrived at, and any time the Federal standards apply across this country, you must come up with something that is almost always the lowest common denominator.

Our view is, if you get the business community involved, and get them to write the standards, they will be tougher and more consistently applied, and complied with.

My sense is, if you allow the Federal Government, through the Secretary, to approve those standards, that we will end up with better standards, that are more efficiently and effectively applied, and finally, I think it is part of the investment strategy that we like to see, that this is not—should not be—a Federal program. It ought to be a joint program, at all levels, and that means that the local level and the State level should help to decide on what those performance standards are, and we have confidence that the local government and the business community will find some good standards.

Senator HAWKINS. Thank you.

Senator QUAYLE. Mr. Weiss?

Representative WEISS. Thank you, Mr. Chairman. As the National Commission for Employment Policy, rather than just commenting on the legislation that we have, what do you think of the policy of the administration, of providing $1.8 billion for employment and training program?

Mr. SMITH. It is the age old tough question.

In this particular committee it would be easy to say that we ought to spend more money. If it is from the National Commission for Employment Policy's standpoint, it is simply asking about training, the answer is: we ought to spend more for training. If you are asking from a national economic perspective, more global, that you and the rest of Congress have to take, you have to weigh all those things.

We need more money for a lot of programs. The point is, at what point, and how much do we tax, and you know the questions better than I do.

We are impressed that the administration has been willing to take tough decisions, to take the money to targets on a group, and hopefully make an impact on that group, without a pretense that it is the only answer on employment. In the end, yes, we have to be on the side of as much money as available to be spent on unemployment and training programs. That is a question that we have a difficult time answering, because we cannot take into account all the economic problems that come into play.

In the end, the best economic program, and social program is an expanding economy and private sector jobs. We have to get there first, and if that means that we have to do it with less money, in various social programs to get there, then we are willing to go that way. But if more money can be redirected into employment and training, we think it is an urgent priority, and we further believe that the focus on training is critical to make sure that people are ready to go to work when that economy goes back.

Representative WEISS. You are backsliding from Mr. Hawkins' admonition.

Mr. SMITH. Well, it is not a simple "Yes" or "No" answer, I am afraid.

Representative WEISS. Well, it is not, in fact, your role as a consultant on overall economic policy, but rather as an official of the National Commission for Employment Policy. I think that you may have your roles confused at the moment, as to what you are being asked to comment on.

I notice on page 15 of your full statement that you address the issue that Mr. Angrisani and I were discussing; that is, as to when do you gage whether, in fact, the training program has been successful or not. I assume that it is fair to say that you disagree with the approach of the Department of Labor in suggesting that the only appropriate way to do it is to measure it within 1 month after the training program is completed, specifically as it applies to young people and to disadvantaged workers, because that is what the administration's legislation is aimed at.

Mr. SMITH. We believe long-term earnings should be the ultimate criteria for judging these programs on, on the long-term basis.

And short-term objectives, such as achieving basic competencies, and others that do not relate to placement, should be developed at the local level, as we mentioned a moment ago.

But the overall goal of this administration ought to be long-term earnings.

Representative WEISS. So when the Department starts using 15-percent placement figures, on the basis of what happened within 1 month after the training program was completed, they may, in fact, be setting themselves up for a fall. The very population that they are going to be dealing with, assuming their legislation is enacted into law, would make their record suspect as to their criticism of CETA.

Mr. SMITH. That could certainly be an outcome, but I think the important thing is that whatever the legislation is, that you all agree what the objective of the bill is, and then it will be reasonably easy to decide whether in fact it works.

Our determination is that long-term earnings gain be at the heart of the bill.

Representative WEISS. OK. Somebody is going to have to get that message to the Department.

What is your suggested role for the States? I am not sure that I understand that clearly.

Mr. SMITH. We believe that there needs to be more State responsibility for the employment and training system, and specifically that the Governors ought to be the individuals that are looked to for that. Everything we have indicates to us that there has not been the kind of statewide labor market look that there should have been in the past. The Governors may not have been involved as much as they should have been in the past. They are the chief elected official in the State. They are the only ones that also have responsibility for other programs that impact on unemployment and training; vocational education being an example, or education and training at the local level, and that Governors are probably in the end the only choice to focus that kind of attention at the State level. And we hope it will help to encourage Governors to play a much more active role than they have in the past, again get them to invest some of themselves in the program, and also to make sure that the other pieces of State government, economic development, education, and others are coordinated.

We frankly do not think the language you could incorporate in legislation will insure coordination. But if you could focus on the Governors, they are the only person in any State that has across-the-board jurisdiction covering many areas.

Representative WEISS. I am not sure if I understand now whether you are talking about what is desirable or what ought to be mandated in the legislation.

In your full testimony you referred to the fact that the private sector, consider themselves in the first instance to be in a locality and that their focus is to work with the locality rather than with the State.

Now, again, given the powers, not the desirability, where do you stand on the question as to whether it ought to be a local partnership with the private sector or a State-mandated situation with whatever role they want the private sector and the localities to play?

Mr. SMITH. Our preferred solution would be, in effect, to take the provisions that Mr. Hawkins' bill—this allows for veto power by either the business community or the local government, and apply that at the State level as well. There ought to be a statewide business council that has some oversight responsibility along with the Governor so that in the end, the local government, the private group at the local level and at the State have all had a cut at it. That way, we ought to come up with the best program.

Representative WEISS. Thank you, Mr. Chairman.

Senator QUAYLE. Mr. Corrada.

Representative CORRADA. Thank you, Chairman Quayle.

I want to commend you for what I believe to be a comprehensive statement outlining options, alternatives, and policy considerations that are very important to the work of this subcommittee, and the general objectives, as well as standards that should be provided for employment and training programs.

On page 5 of your testimony, you indicate that:

> Research supports the contention by the Administration that 16- to 25-year old disadvantaged youth and AFDC recipients are generally the most in need of assistance. The Commission would prefer the criteria set forth in the Quayle/Kennedy

and Hawkins bills, however, to allow some discretion to local program operators to choose who in the disadvantaged population is to be served.

Could you elaborate on this point, Mr. Smith?

Mr. **Smith.** Yes; one of the things that the business community says over and over again is do not tie our hands too tightly.

I think that everyone around the dais there is in favor of trying to get the private sector involved, and that means that they have to have some discretion at the local level, and so do local governments and, therefore, we think the somewhat more flexible standards set forth in the Quayle/Kennedy/Hawkins and Mr. Jeffords' bill that allow for the local decisionmakers to apply their programs to those young people, if that is the focus at a time, who are most in need of assistance and most likely to benefit. In some communities in this country, that may not be necessarily the most disadvantaged high school dropouts. In many cases it is, but in some cases, it is not.

We also like the provisions elsewhere that allow for some in-school activity because we think prevention is much more effective than remedial efforts that we might undertake later and that are expensive besides.

Representative **Corrada.** What performance standards would you and the Commission advocate as most effective in determining the success of particular programs, and would you see these being set up at the State and local levels?

Would you set standards for each type of participant as well?

Mr. **Smith.** We like the idea of giving first crack at that at the local level and to work its way up to the States. Because we believe that they will understand the program best and they will set the kinds of standards that ought to be set for success, whether it is classroom training, on-the-job training, or other activities. In the end, the Federal Government ought to have an opportunity to review those and reject them if they are too low or ineffective for any reason. But we feel strongly that, here again, the best way to qet the investment of the local community and the best way to assure success of the program is let local people, business people, and the local government set the standards and recommend them to the State and on to the Secretary for his approval.

Representative **Corrada.** Finally, Mr. Smith, we know that at the regional levels and local levels, we have in the Nation areas of high structural unemployment. In the past, the Federal Government has utilized different instruments, policy instruments to address the situation of those who are very hard to employ becase of regional, local, economic situations.

Now, in these bills, we are addressing the question essentially of how to train the unskilled or how to retrain the displaced worker or workers who do not find the jobs out there in the market.

But do you believe, or has the Commission addressed the question of how to utilize other Federal policies that result in job creation as an integral element in the development of any program toward development of training?

Mr. **Smith.** Yes, sir; that comes back to the view that the Governor ought to have a major role. We are convinced that too often CETA and training programs have been viewed as Federal training programs.

The vocational system has been viewed as a separate system, economic development is separate and very rarely do those three parts of the puzzle come together. The only individual that has enough authority to do it is the Governor. We are convinced further that if this remains a Federal program, in the eyes of the local level, and I spent time in the Governor's offices where the whole discussion comes around to the fact that there is Federal money, you can go ahead and do that with Federal money, but for heaven's sake do not spend State money for certain things. We think they ought to view that as their money and not your money, if you will. That is why we are also in favor of requiring some matches by State and local government. We think they will come up with it. And here again if they put a little bit of money in it, it will be their money and not just your money.

We come around to the view that we must involve the key elected official in the State with across-the-board coordination, and we think that will improve the kinds of the problem that you are talking about.

Representative **Corrada**. Other than the need for economic recovery and the general improvement of the economy, we know that even at times where the economy has been moving forward, we have had serious problems, or structural unemployment. We know that the private sector has not been able to provide jobs for many of the youngsters, or the Hispanic, and black minority people in those areas. Many of the Federal policies that were devised, such as housing programs, economic development programs, created jobs that were utilized as a mechanism for the provision of work to these people.

Do you believe that we are really on a comprehensive basis such as the points outlined in the Humphrey-Hawkins legislation addressing the need to create jobs for people in those areas of high unemployment in this country?

Mr. **Smith**. I guess you would have to say in the end that we still feel concerned that there is not the kind of across-the-board national employment policy that there ought to be, and that means that I think that the legislation—almost any one of the pieces of legislation that you can look at is a step in the right direction toward that. But it is by no means the ultimate step because there is still too much of a separation between various Federal programs and local programs.

We think one important step in that process is to begin to pull those pieces together and maybe in the best of all worlds we ought to have more pieces of the Federal budget tied into employment and training. We are pleased to see some movement in that direction but we would like to see more.

Representative **Corrada**. Thank you, Mr. Chairman.

Senator **Quayle**. Mr. Jeffords?

Representative **Jeffords**. Thank you. Nice to see you here again, Ken, and I look forward to working with you. I know you have done an excellent job in this area in the past, and I am pleased you will be with us to assist us.

First of all, can you tell me whether you picked a specific funding level when you went through these bills in order to assess priorities and, if so, what that level was?

Mr. **Smith**. Well, on the one hand, you want to take the easy way out and say that is something that would have to be debated in the overall budget question. But our major focus was on what system could be put in place that would make the best use of the money available, which is how we came up with our recommendations. There is no question that we think the administration's budget request is the minimum level that would be necessary to activate a system in place. After that, it becomes an open question.

We quizzed at our Commission meeting some representatives of your staff as to how some of the figures were arrived at in the various bills. I think it is fair to say that several of them, of course, were based on last year's funding, some were based on a bit more desirable politically. If you have the right system in place, you might effectively spend 5 or 10 times.

Representative **Jeffords**. I understand that.

What I am trying to determine is, what those priorities are?

Mr. **Smith**. Yes.

Representative **Jeffords**. Both the House and Senate versions seem to be talking somewhere between $3½ and maybe $5 billion. The administration is about 1 billion lower than that.

Did you use the minimum figure from the administration when you went through and determined the priorities that you would assess? So your priorities were based upon, say, a $2½ billion base?

Mr. **Smith**. Yes; we looked at it on the basis of what minimum funding would be available, and obviously at this stage the administration's proposal.

Representative **Jeffords**. If there was more money available would there be a change in some of your testimony relative to the priorities?

Mr. **Smith**. I think that is fair to say.

Representative **Jeffords** . All right. Thank you.

Getting away from the window, in the administration's bill, can you tell me—I know you have dealt extensively with this, what would happen to the jobs for Delaware graduates as far as funding is concerned? Would that be eliminated?

Mr. **Smith**. Well, the window is the only chance to save it.

Representative **Jeffords**. So that would be gone except for the window?

Mr. **Smith**. Correct.

Representative **Jeffords**. Now, I would like to get into the questions of wage subsidies and allowances.

On page 9 of your testimony, you stated that: "wage subsidies should not be permitted"—and then you say: "The Administration's bill, and any employer costs associated with on-the-job training should be permitted."

Is that a contradiction? What kind of employer costs are you talking about?

Mr. **Smith**. We are in favor of payment of those excess costs.

Representative **Jeffords**. What is an excess cost?

Mr. **Smith**. Well, they vary. It was mentioned earlier that in some cases where transportation is required to get a person back and forth for the first little period of time before they make enough money to effect their own transportation, those extra costs, or employer costs that might be additional supervision, additional on-the-job training, and so on, our view is that those costs, as well as necessary expenses, as mentioned for the participants, are ones that ought to be paid for. But what we do not feel, in light of the funding constraints, and in light of the focus on training alone, is that wages themselves should be subsidized.

Representative JEFFORDS. Presuming a higher level of funding, say, another billion dollars, would you then consider allowing the payment of wages, needs based stipends, or would you still maintain that you would not to pay anything other than what you have suggested already?

Mr. SMITH. I do not know whether $1 billion would change that, if $10 billion or $5 billion would change that. I am not sure that $1 billion more would do it.

We think frankly there is a big enough market of truly disadvantaged people that could be served by this program without wage subsidies that you could go another $1 billion before you got beyond that pool.

Representative JEFFORDS. There is different eligibility standards?

Mr. SMITH. Right.

Representative JEFFORDS. The testimony in New York indicates that without allowances you would not reach many of the people who really desire to be assisted. You would disagree with that I take it?

Mr. SMITH. No; there certainly are many people who would need that kind of needs based stipend who would not be served. But our view is that in light of the current funding proposal, or even adding $1 billion, that there are enough of those who would not need it who are, in fact, the kind of disadvantaged that you are trying to serve that could benefit from it.

Representative JEFFORDS. Under those funding constraints, do you think it would be better to have a needs based stipend, or the present CETA allowances?

Mr. SMITH. I like your version better.

Representative JEFFORDS. In these bills we are increasing the authority of the business community, which I think is a good idea, but one of the things that comes to mind is the problem of creaming.

The businessman's first choice is to find someone who is trained, and has the job skills for his job. He is concerned about matching him with a job. The second choice is to find somebody with basic skills, and then training him with the necessary employment skills.

Yet the area that we all want to look at is the individual who has the basic skills.

Do you foresee a problem, and if so, do you think any of the bills deal with it adequately? We need to make sure that we do not end up with a situation where all of our efforts, with the minimum amount of funding, is spent on the two categories which the businessman would be most likely to seek out. With the business community being in charge of the priority setting in these programs, will that happen?

Mr. SMITH. Well, we start off, I guess, in the Commission with a basic sense of faith, based on the historical experience so far that the business community will in fact focus its attention on generally disadvantaged citizens. I think that they will be more comfortable working with a broader range of citizens, than just those targeted in the administration's bill, which is why we like flexibility in yours, and Senator Quayle's, and others.

But we think that also by assuring that the local government has a role in this, it will help to prevent, if you feel we need to, the business community, not serving that particular group, and also by involving the Governor, who is accountable to all citizens, with a veto power over local and State training programs, you have some protections built in there.

But there is plenty of evidence so far that the business community will respond, and participate, and support programs that work, no matter whether the citizens are disadvantaged or not. They will not support and participate in programs that do not work. I think that is the question.

Representative JEFFORDS. Thank you.

Senator QUAYLE. Thank you very much, Mr. Smith. You have been a very fine witness, and we certainly look forward to working with you as this legislation moves on.

Thank you.

Mr. SMITH. Thank you.

Senator QUAYLE. Next we have a panel, Mr. Gashel, Mr. Stewart, Ms. Wahley, Mr. Ortiz, Mr. Miller, Mr. De La Cruz, and Mr. Egan.

I will go ahead according to the list that I have here, and we will be operating under the 5-minute rule. Anybody who concludes his or her testimony under 5 minutes, the Chair will take judicial notice of that being in the affirmative.

Mr. Gashel.

STATEMENTS OF JAMES GASHEL, DIRECTOR OF GOVERNMENTAL AFFAIRS, NATIONAL FEDERATION OF THE BLIND; DANIEL J. STEWART, EXECUTIVE DIRECTOR, MICHIANA INDUSTRIES, MICHIGAN CITY, IND., ON BEHALF OF NATIONAL ASSOCIATION OF REHABILITATION FACILITIES; MARY WAHLEY, JOB DEVELOPER, ASSOCIATION FOR RETARDED CITIZENS, INDIANAPOLIS, IND., ON BEHALF OF CONSORTIUM CONCERNED WITH THE DEVELOPMENTALLY DISABLED; GEORGE L. ORTIZ, CHAIRMAN, LA COOPERATIVE CAMPENSINA DE CALIFORNIA, AND ALSO REPRESENTING THE ASSOCIATION OF FARMWORKER OPPORTUNITY PROGRAMS AND THE NATIONAL ASSOCIATION OF FARMWORKER ORGANIZATIONS; ALFRED P. MILLER, EXECUTIVE DIRECTOR, FEDERATION EMPLOYMENT AND GUIDANCE SERVICE, NEW YORK, N.Y., AND COUNCIL OF JEWISH FEDERATIONS, INC.; JOE DE LA CRUZ, PRESIDENT, NATIONAL CONGRESS OF AMERICAN INDIANS, INDIAN AND NATIVE AMERICAN CETA COALITION; AND PAUL EGAN, DEPUTY LEGISLATIVE DIRECTOR, AMERICAN LEGION, A PANEL

Mr. GASHEL. Thank you, Mr. Chairman.

My name is James Gashel. I represent the National Federation of the Blind.

Our testimony is submitted for the record, and I will make a quick summary, in light of some of the discussions that we had this morning.

Historically, we have not tended to even think of the blind as a group among the unemployed population of this country. What we really thought is that the blind are not unemployed, they are just unemployable. So you will not find the Bureau of Labor Statistics able to give you statistics about the unemployed blind population, but here they are, because we know what those statistics are.

If we examine social security data, and demographic data, about the blind population, you will inevitably conclude that 70 percent of the employable blind population is either unemployed or very substantially underemployed, so when we talk about 8.5 percent in the general population, we are talking about more than 70 percent unemployed in the blind population.

Translating that into actual numbers, only 30,000 blind people have jobs, which pay them enough to get off of social security, and that means that 200,000 more in their working age years, do not have jobs which pay them enough to get off of social security, or some kind of a welfare benefit. These are the hardest of the hard-core unemployed, and yet, traditionally our employment and training policies have not addressed the problems of this particular group, because we have been told that we were to rely exclusively on programs such as vocational rehabilitation, that program in particular, is being cut, and with recent administration proposals, the Federal role in vocational rehabilitation would be terminated altogether.

Yet, we have an administration bill that is offered here today, that would not address the real problems that we have. Most of our people are recipients of social security disability insurance benefits, it is not a welfare grant, in the sense that it is defined in most of these bills, so many of these people would not necessarily be economically disadvantaged.

This leads me to the following kinds of recommendations which would help to include our people as a priority group in this programing legislation.

First of all, we recommend that the eligibility criteria in the legislation include the concept of people who have a substantial disadvantage to employment, and certainly that covers the blind of this country. Because these are people who may not necessarily, as I say, be economically disadvantaged, but they are plagued by artificial barriers which prevent them from getting jobs.

Second, we recommend that the definitions of public assistance and economic disadvantaged in the Senate and House bills be amended to specifically include beneficiaries of social disability insurance. The current definitions do not include that. This is very important, because of a change which was made in the Social Security Act during the budget reconciliation legislation, which removed social security disability payments for rehabilitation services.

We recommend, third, that there be the continuation of the handicapped national programs under the legislation, and that there be a set-aside of at least $5 million in the bill to allow these programs, which are targeted on the needs of handicapped persons, to continue. These programs have served as useful models, and therefore provide, I guess, really fulfilling the proper technical assistance role of the Federal Government, so that these programs can be emulated at the State level.

Furthermore, they address the needs of the hardest of the hard, to place, segment of the population. Programs such as one which we operate, called job opportunities for the blind, has been extremely popular among blind people, because it does target in on the special needs of the blind population.

Fourth, we recommend adding among the special services, the supportive service, we would recommend adding services for the blind, such as reader assistance, and the purchase of certain types of aids and devices, which are necessary to participating in employment, and training programs. Yet these are not in any of the bills before you, as any of the supportive services. They might fit in under one of those windows, but I doubt it.

Fifth, we recommend adding another type of service to the list of services in the extensive list that is in the House bill, Mr. Hawkins' bill, and this one is a new service which we would term training and technical assistance for employers, in order to remove artificial barriers to employment.

We have several other recommendations here, that all are framed around the idea of expanding our opportunities to participate in this legislation, Mr. Chairman, and we are hoping to work with you and the other members of the subcommittee, to bring these recommendations about.

Thank you very much.

[The prepared statement of Mr. Gashel follows:]

National Federation of the Blind Testimony

Before the Subcommittee on Employment and Productivity, Committee on Labor and Human Resources, United States Senate and the Subcommittee on Employment Opportunities, Committee on Education and Labor, United States House of Representatives, March 15, 1982

Mr. Chairman, my name is James Gashel. I am Director of Governmental Affairs for the National Federation of the Blind (NFB). My address is 1800 Johnson Street, Baltimore, Maryland 21230. I am very pleased to have the opportunity to appear before these joint subcommittees today.

First, I want to say a few words about the NFB and our interest in the employment and training programs under discussion in these joint hearings. We are an organization of more than 50,000 blind people who live in every state and the District of Columbia. We have a state affiliate in each state and D.C., and local chapters in most sizable populated areas. We are an organization "of" the blind. It is important to understand and appreciate the distinction between NFB, on the one hand, and the service-providing agencies "for" the blind, on the other.

NFB is the blind speaking for themselves. As such, we have developed, from our first-hand experience, a realistic view of blindness as a characteristic. In our own lives, we have sorted out the myth of the tragedy of blindness from the reality of the limitations imposed by lack of sight. Our assessment is that blindness need not be any more limiting or any more special than perhaps a thousand other common human characteristics. The problem -- the real problem -- we face is that most people (including far too many blind people) simply have not come to accept this fact. And nowhere is this failure to accept blindness as a common characteristic more pervasive than in the competitive labor market. This is why we are before these subcommittees of Congress today.

The extent of our particular employment problem may not be immediately apparent or impressive in the current context of national unemployment exceeding 8.5%, but a careful analysis of the the blind population in this country shows an unemployment and underemployment problem of immense magnitude. One estimate is that 70% of the blind who are employable are either unemployed or substantially underemployed. Even this figure, high as it is, may be too low.

Consider these statistics: 475,000 people (including children) in the United States are blind -- that is, their vision is limited enough to be eligible to claim the blindness exemption in federal income tax. Half of these individuals are age 65 or older; 30,000 are under age 18. If we subtract these people (267,500, in all) from the 475,000 total, we can get a clearer picture of the number of blind people of working age. This would be 207,500. Data collected by the Social Security Administration is helpful in learning more about the working age blind, since the SSA-administered benefits are conditioned largely on low or no earnings. Thus, we find that approximately 167,000 blind people in this age category (18-64, inclusive) draw Social Security Disability Insurance (SSDI) and/or Supplemental Security Income (SSI) benefits. Hence, these people are working to a very limited extent, if at all.

Subtracting the 167,000 Social Security and SSI recipients from the total of the working age blind yields a figure of 40,500. These remaining people, all of working age, do not need to rely upon government assistance, so the conclusion is that many of them have some degree of regular attachment to the labor force. Just how many are employed, and to what extent, no one can say for sure, but it is reasonable to estimate that approximately 3/4 (roughly 30,000) have jobs which pay them enough to be completely self-supporting.

The 167,000 blind people of working age who are not currently employed are, generally speaking, among the most hard-core unemployed in this country. Mostly, this is not a matter of inability to work but rather of a social philosophy which says that "the blind are not just unemployed, they are unemployable." But, Mr. Chairman, this philosophy is absolutely wrong. Blind people can work in a wide variety of professions and callings. In fact, there is every reason to expect that the average blind person will be able to do the average job in the average place of business and do it as well as his or her sighted neighbors. It follows that those blind people who are superior will have outstanding job performance and that those who are not as skilled will not do as well as others might.

With some important exceptions, our nation's employment and training programs have not addressed successfully the problems of unemployment and underemployment among the blind. Hence, the statistic of 167,000 unemployed blind people does not represent a declining figure. Congress should insure by legislative mandate that future employment and training programs, such as those to be established pursuant to bills now before these subcommittees, do include vehicles through which the blind who want to work can help themselves become self-supporting, tax-paying citizens. Let us end, forever, the idea that the blind, as a class, cannot work as well as others, and let us put aside the false notion that the blind can only be assisted by an elaborate array of rehabilitation therapists and social workers.

In coming before these subcommittees today, we are actually asking you to include methods of addressing the employment problems of the blind within the overall scope of the employment and training policy which Congress will fashion for the nation as a whole. Mr. Chairman, both for historical and philosophical reasons, most people involved in providing employment and training services have tended to rely upon those programs established under the Rehabilitation Act of 1973 and its predecessor acts for all of the resources and solutions to the employment problems of the blind. This approach may not have been the wisest course, but it was partly a matter of necessity. By and large, the regular employment and training programs simply would not deal with us. The attitude has been that we need very sophisticated and specialized services which the ordinary vocational training and job placement agencies believe they cannot offer. The answer has been to refer us back to the vocational rehabilitation agencies, designed exclusively for the blind and handicapped, almost any time we seek entry into the labor force through the more conventional means.

But, Mr. Chairman, vocational rehabilitation is not a bottomless pit of money or of service, and we should not be expected to rely solely upon this resource to the exclusion of other forms of employment and training assistance. Furthermore, while vocational rehabilitation may have demonstrated some capacity to enable persons to become better prepared for employment, the rehabilitation agencies have been sharply and properly criticized for not having developed a better record of placing people in competitive, unsubsidized jobs. We could suggest many reasons for this, but this discussion would go beyond the bounds of this hearing. Suffice it to say that, even with the present level and type of service from vocational rehabilitation, we still have an unemployment rate among the blind exceeding 70%; a fact which, regardless of the reasons, speaks to the need for pursuing other alternatives.

We believe we have every right to receive all of the benefits of federally-assisted employment and training assistance by means of full participation in all types of programs aimed at serving the unemployed and underemployed. Nor would I want to imply that blind people, as a class, have been singled out for exclusion from these programs in the past; we have not. Actually, the real difficulty is that we have mostly not been singled out for anything, assistance or otherwise. The present review of employment and training policies, occasioned by the expiration next September of the Comprehensive Employment and Training Act (CETA) gives Congress the convenient opportunity to insure that the blind are specifically included and not by implication excluded from these important programs in the future.

Our review of the bills (principally S. 2036 and H.R. 5320) now pending before these subcommittees leads to several specific comments which we ask you to keep in mind as you mark up the employment and training legislation.

(1) Both bills seek to assist primarily persons who meet two criteria -- unemployment and economic disadvantage. While there is no objection to this approach as a general principle, we would like to see a more open-ended eligibility rule so that any blind person in need of employment and training assistance could obtain it through programs under this Act. Section 105(c) of S. 2036 and Section 203(c) of H.R. 5320 already lean in this direction by waving the economic disadvantage criteria to some extent, but the provision does not go far enough in our opinion. The rationale for this conclusion is the documented fact that the vast majority of blind people are unemployed, and this condition is not likely to change without extending an extra degree of support. Of course, most would meet the criteria of economic disadvantage, anyway, but for those who would not, there is still the condition of artificial barriers imposed by the social attitudes about blindness. This alone should qualify one for special employment and training assistance.

(2) Continuing this discussion of eligibility, the House bill defines "public assistance." The Senate bill does not. However, the Senate bill

contains essentially an identical concept in its definition of "economically disadvantaged." The terminology in both definitions suggests that there is no intention to include recipients of Social Security Disability Insurance (SSDI) payments. If, on the other hand, their inclusion was intended, this point needs to be clarified, in as much as SSDI is not technically or commonly categorized as a "welfare," or "public assistance," program. Furthermore, eligibility for SSDI is not based primarily (or strictly speaking, for that matter) on economic disadvantage. That is, a person does not have to be poor to qualify for SSDI benefits. Nonetheless, these beneficiaries, as a class, may generally be regarded as economically disadvantaged. Certainly, however, they suffer the common disadvantage of unemployment. Otherwise they would not be eligible to draw SSDI checks. Eligibility for SSDI terminates because of earned income in excess of certain amounts. Any assistance provided by the government to reduce unemployment for these beneficiaries would be to the benefit of the Social Security Trust Funds, not to mention a long-range advantage to general revenues.

(3) The House bill includes provision for national projects to aid in alleviating the employment problems of "the handicapped." The Senate bill does not have a similar provision. We favor the House bill with certain modifications. There is a legitimate and critical need for specific national employment and training programs to serve the handicapped. Properly directed, these special federal-level initiatives offer useful models to guide the more widespread state and local-level services. Essentially, we see a continuing need for the targeted national programs, including those designed to aid the handicapped, in order to encourage and stimulate greater participation in all employment and training activities by groups who may otherwise be largely overlooked.

The current authority for national programs under Title III of CETA does extend support to special employment and training services aimed at helping the blind and handicapped. Under this authority, for example, NFB has been able to conduct a project known as Job Opportunities for the Blind (JOB). By serving as a readily accessible resource to help any blind person looking for work, living anywhere in this country, JOB fills a need which blind people have for timely information about employment openings. In addition, JOB matches the skills of unemployed blind persons with specific qualifying criteria for jobs which become available, nationwide. In the process of doing these things and more, JOB gives technical assistance to employers in the private sector and offers training for the blind, themselves, in the best techniques to obtain competitive employment. There is simply no other service of this type in the United States today.

JOB operates under a very modest contract of less than $250,000 annually; yet this service is achieving impressive results by giving blind people the tools and information they need to find jobs. It should be emphasized that JOB does not purport to be a job-finding agency. This would not be a proper, efficient, or even feasible use of limited funds which must be distributed to provide assistance on a national scale. But, what JOB does is even more effective by placing the job-finding initiative where it rightfully belongs, squarely in the hands and on the shoulders of each blind person looking for work. In this manner, this service offers a hand-up by helping to meet the need which blind people have for employment-related information and job leads. Also, a distinct advantage of the JOB concept is its extensive use of a Volunteer Field Service Network designed to increase outreach to the blind and to potential employers.

Thus, we urge you to continue the authority for national programs to aid the handicapped. In fact, we would like to see this authority strengthened by means of a mandatory set-aside from the amount appropriated for national programs generally. This set-aside would be reserved for use exclusively in serving the blind and handicapped. The amount to be set aside would not need to be great -- perhaps not more than $5,000,000 annually -- but there should be at least this degree of protection for maintaining these programs at roughly current levels. In addition, we suggest adding language to encourage state-level services for the blind and handicapped through the funds available to the governor of each state under Section 105(e) of S. 2036. The idea here is essentially to provide for special state-wide projects, modeled after the national programs, which could be coordinated with those programs in order to meet more adequately the extraordinary employment problems confronting the blind and handicapped.

(4) Both bills contain a list of services which may be provided, but the House bill is much more specific in this regard. Even in its detail, however, the House bill omits a service which we have found to be of particular significance to the blind. This service might be described as "training and technical assistance to employers in order to remove artificial barriers to employment." This is intended to refer to employer education programs aimed at changing attitudes. The purpose of such programs is to expand the number and type of employment opportunities which are offered to individuals who commonly face barriers of prejudice and misconception. As a group, the blind have especially benefited from such employer training efforts which give correct and relevant information to employers, causing greater acceptance of the concept that blindness is not necessarily a

barrier to useful work.

(5) "Supportive services" are mentioned in both the Senate and the House bills, but it is not clear that these services would include certain forms of assistance required by persons having special needs, such as the blind. For example, reading assistance for the blind is a special type of supportive service which may otherwise be overlooked unless specifically mentioned in the statute. Also, you should consider authorizing the purchase of specialized devices and materials, such as talking calculators or Braille dictionaries. These and other aids are readily available and often needed by persons seeking employment, yet their purchase by someone not having a regular income is normally impractical. Thus, we urge you to include suitable language to specify coverage of these types of supportive services.

(6) Section 306 of S. 2036 allows employers required to comply with Executive Order 11246 to earn credit for affirmative action by establishing contractual arrangements with service delivery areas for the purpose of recruiting persons served by the federally-assisted employment and training programs. So far as we can determine, the House bill has no comparable provision. While we do not wish to engage in a controversy of whether Section 306 (or any other similar provision) should be included in the final bill, we recommend that if you include it, this provision should be made applicable to affirmative action required under Section 503 of the Rehabilitation Act of 1973, as well as to the Executive Order Program. Section 503 requires most federal contractors to take affirmative action to employ and advance in employment qualified handicapped individuals. Omitting Section 503 (as is presently done in the Senate bill) makes an undesirable distinction between these affirmative action programs which are supposedly designed to achieve similar objectives, albeit for different groups. However, historically the obligations of Section 503 have been less demanding than those

of the Executive Order Program, and the results have also been less impressive. We feel that encouraging affirmative action only for women and minorities, through special relationships with employment and training programs, would further place the Section 503 Program at a distinct disadvantage, so we would ask you to treat these programs identically under this statute.

(7) Section 121(a)(1) of the House bill establishes a broad nondiscrimination requirement, including prohibitions of discrimination on the basis of race, color, religion, sex, national origin, age, handicap, or political affiliation or belief. We favor including such a provision in the final bill, although, we recommend adding a specific requirement directing the Secretary of Labor to issue regulations implementing this section within a period of 180 days after enactment. This suggestion for implementing regulations, with a specific time period attached, is based on our unhappy experiences with similar statutes requiring nondiscrimination on the basis of handicap. For example, in the absence of a specific directive for regulations, it took a Presidential Executive Order and more than three and one-half years of controversy before the Executive Branch implemented Section 504 of the Rehabilitation Act of 1973. Even worse, however, the 1978 amendments to Section 504 (requiring federal programs to be free of discrimination on the basis of handicap) are still not implemented by regulation, and there is a great debate going on inside the government, concerning whether implementation of the 1978 amendments is even required by the statute. In short, our experience is that the governmental machinery tends to move very slow, if at all, to carry out these nondiscrimination provisions, so this should be anticipated by writing specific directives into the law, itself.

(8) Section 222(a) of the Senate bill mandates evaluation of the programs established under Title II, in order to determine that they

serve adequately persons of either sex, or those of any race or national origin. The evaluation provision is fine, as far as it goes, but we recommend adding "persons who are handicapped," to the list of individuals intended to be served through these programs. We have already stated the arguments for doing this, so we will merely re-emphasize the request that we not be excluded, even by implication, from this legislation, and we trust you will help achieve this objective.

(9) The Senate bill defines "community based organizations," partly by listing as examples certain groups including Opportunities Industrialization Centers, the National Urban League, SER-Jobs for Progress, United Way of America, and so forth. We recommend that specific organizations not be named in the statute, since doing so does not add appreciably to the value of the definition, and may well tend to limit participation by organizations not named. The definition, without the examples, as is done in the House bill, will avoid any possible offense to reputable and worthwhile organizations which provide useful employment and training services.

(10) Section 122(a)(1)(C) of the House bill establishes an incentive allowance for public assistance recipients who participate in employment and training programs. This section further provides for disregarding these bonus payments in determining a recipient's need under any federal or federally-assisted public assistance program. The Senate bill has no comparable provision. Again, this raises the matter of whether the SSDI beneficiaries are included under the definition of "public assistance recipients." Earlier we recommend that they be so included. Following this line of reasoning, we would now recommend that the provision concerning allowances be modified to insure that no amount of allowance received pursuant to this Act will be regarded as a measure of an SSDI beneficiary's ability to engage

in "substantial gainful activity." This is of critical importance, since, if the allowance is interpreted as earnings of the participant, eligibility for SSDI benefits would likely be terminated altogether. Under present Social Security Administration regulations, most SSDI beneficiaries are prevented from earning even close to the minimum wage. Normally, however, wage subsidies are excluded, and it would seem that these allowances are properly classified as such. Even so, the point that allowances will not bear any relationship to an SSDI beneficiary's continued eligibility for Social Security benefits should be clarified specifically in the statute.

These, Mr. Chairman, are our major recommendations for your consideration during the mark up of the employment and training legislation. Overall, we concur thoroughly with the greater emphasis on partnerships with the private sector. Our major concern is the possible exclusion of blind people from these very important employment and training services, and this concern is based on considerable experience under CETA, as well as a reading of the proposed legislation now before these subcommittees. Mr. Chairman, we are grateful for the opportunity to share these views with you. We are anxious to work with the members and staff of both subcommittees as you prepare to mark up and report the employment and training legislation. All we are asking is that you keep these points in mind as you do proceed and that you should feel free to call upon us for more specific guidance whenever the need arises over the course of the next several months.

Senator **Quayle**. Thank you very much for your excellent testimony, and to the point.

Mr. Stewart.

Mr. **Stewart**. I am Daniel Stewart, executive director of Michiana Industries in Michigan City, Ind. I am here today on behalf of the National Association of Rehabilitation Facilities, and my own facility.

I wish to thank the committee for this opportunity to testify.

My statement has been submitted for the record. I will summarize it.

I direct a community-based rehabilitation facility that provides employment, training, and other rehabilitation services to over 350 disabled persons annually. We are a member of the National Association of Rehabilitation Facilities [NARF].

NARF has over 700 member facilities offering comprehensive rehabilitation services including vocational and evaluation training services to disabled individuals. NARF's member facilities serve more than 400,000 disabled people annually, providing vocational and physical rehabilitation, vocational evaluation, work adjustment, personal and social adjustment, and transitional or extended employment services.

As you consider legislation to replace the Comprehensive Employment and Training Act [CETA] there are several issues which are very important if disabled persons are to be full participants in the Nation's employment and training programs and to take full advantage of the cost-effective services that can be provided through community based rehabilitation facilities.

In your consideration of a new Federal employment and training program NARF recommends that any such final proposal include the following provisions:

One, disabled individuals be eligible to be referred for and receive employment training services.

Two, nonprofit organizations, including rehabilitation facilities, should be considered as qualified service providers.

Three, there be a national level priority program for the disabled in any new Federal employment and training program.

Four, there be a definition of handicapped—disabled—individual in, the act.

Five, recognize nonprofit organizations as employers.

Six, retain a nondiscrimination requirement on the basis of age, sex, race, religion, national origin, and handicap.

Seven, require participation in any local planning process by affected people and organizations.

Eight, require representation of disabled individuals and rehabilitation facilities on private industry, State, and local councils.

Nine, require the annual plan by the prime sponsor, industry council, or local board to include a description of services and goals for disabled individuals and other difficult to serve populations.

Michiana Industries was able to make excellent use of CETA programs over the past few years.

The projects with industries were particularly successful in that disabled clients were evaluated on industrial job sites, the Sellair Corp. and St. Anthony's Hospital, and eventually placed into competitive jobs. This was done at a cost of less than $1,500 per person.

This contrasts very favorably with the CETA public service employment program where the cost was $22,000 per trainee.

We recently completed a 2-year exemplary project under the youth employment and training program with a grant direct from the U.S. Department of Labor. In that program 250 disabled students ages 14 to 21 developed prevocational skills to allow them to go on to vocational and industrial arts programs in the public schools. In this countywide, four-school-district program there was a dropout rate of only 5 percent.

I was a charter member of the CETA Advisory Council and I am currently vice chairman of the PIC. One of the disabled clients at Michiana Industries is on the youth committee of the CETA Advisory Council.

Since 1965 NARF has trained and placed over 5,000 persons, many of them disabled, to work in the field of rehabilitation under its on-the-job-training program. This project has consistently exceeded all programmatic objectives. It has been funded under section 306, title III, of CETA. It has been a most cost effective program. The cost to the Federal Government for the 5,000 placements has been only $4 million. Again, this is a very favorable figure when compared to other job training programs. Much of the success of this project has been NARF's ability to utilize its member rehabilitation facilities to train and place people into community jobs.

These success stories of rehabilitation facilities and CETA programs have been repeated all over the country.

I will be glad to answer any questions that you may have.

Thank you.

[The prepared statement of Mr. Stewart follows:]

STATEMENT OF

DANIEL J. STEWART
EXECUTIVE DIRECTOR

MICHIANA INDUSTRIES
4315 E. Michigan Blvd.
Michigan City, Indiana 46360

My name is Daniel Stewart. I am the Executive Director of Michiana Industries in Michigan City, Indiana. I am here today on behalf of the National Association of Rehabilitation Facilities, and my own facility. I wish to thank the committee for this opportunity to testify. My testimony focuses on our concern that the federal employment and training legislation being considered by these subcommittees address the needs of disabled people for employment and training services and the ability of community-based rehabilitation facilities to deliver such services.

I direct a community based rehabilitation facility that provides employment, training and other rehabilitation services to over 350 disabled persons annually. We are a member of the National Association of Rehabilitation Facilities (NARF).

NARF has over 700 member facilities offering comprehensive rehabilitation services including vocational and evaluation training services to disabled individuals. NARF's member facilities serve more than 400,000 disabled people annually, providing vocational and physical rehabilitation, vocational evaluation, work adjustment, personal and social adjustment and transitional or extended employment services.

The goal of rehabilitation is to train or retrain people to enter or return to competitive employment. Rehabilitation serves both those who upon receiving employment and training services can move into competitive employment and those who because of the severity of their disabilities, cannot. Many of the latter remain in extended employment in facilities. Training services currently provided under the Rehabilitation Act and CETA (particularly OJT) have been effective in giving people job skills. Since 1973 more and more people previously considered severely disabled have been rehabilitated and have moved into competitive employment. Under the rehabilitation program, for each dollar spent on services, earnings are generally increased by $10.00.

As you consider legislation to replace the Comprehensive Employment and Training Act (CETA) there are several issues which are very important if disabled persons are to be full participants in the nation's employment and training programs and to take full advantage of the cost effective services that can be provided through community based rehabilitation facilities.

In your consideration of a new federal employment and training program NARF recommends that any such final proposal include the following provisions:

1. Disabled individuals be eligible to be referred for and receive employment training services.

Under CETA the definition of economically disadvantaged and unemployed include handicapped individuals and people working in sheltered workshops (Sec. 3(8)(28)(i)). NARF recommends that their eligibility be retained. Additionally, NARF recommends that should an economic criterion be used as a means of qualifying to be eligible for services, that a family income basis not be applied to disabled individuals. A dependent disabled person should not be deemed to be a dependent and a member of the family for determining income eligibility. In many instances the family income may be slightly above the standard allowed, however, the disabled individual's income is considerably below standard. In such cases the family cannot afford to pay for services and the individual is disqualified from receiving them. If the individual's income standard were utilized then the individual may be eligible for and benefit from services.

2. Non-profit organizations, including rehabilitation facilities, should be considered as qualified service providers.

Rehabilitation facilities and other non-profit organizations have considerable expertise in providing employment training skills and services. They should be qualified as eligible service deliverers within any local area and therefore eligible to contract with a prime sponsor, Private Industry Council, or other entity to receive referrals and provide such services. The existing definition of community-based organizations recognizes rehabilitation facilities as such organizations and therefore makes them eligible to receive funds from prime sponsors, to be represented on state employment and training councils, on prime sponsors councils, and on private industry councils. NARF recommends that the ability of CBO's to perform these roles be recognized and that rehabilitation facilities continue to be included in the definition.

3. There be a national level priority program for the disabled in any new federal employment and training program.

CETA Title III (Part A) Section 306 authorizes programs for the handicapped. However, that program does not carry a specific set aside of a percentage of funds authorized under that title. NARF recommends that any new national program for the disabled include such a percentage set aside of the authorization and be expanded to allow ~~the Secretary to conduct programs~~ to initiate a national employment program for the handicapped.

4. There be a definition of handicapped (disabled) individual in the Act.

CETA includes such a definition in Section 3(11). We recommend that this definition be retained, but that the term handicapped be changed to disabled. While to some this may seem like mere semantics, the term handicapped implies a permanent dependency. Rehabilitation and other programs constituted in the last 40 years have proven that such people can be rehabilitated and move into the mainstream of our society. While still living with a handicap they are no longer disabled. The term disabled does not connote such a permanent situation.

5. Recognize non-profit organizations as employers.

Recognize non-profit organizations as employers in the private sector. Non-profit organizations and businesses are employers of disabled and non-disabled people. Any final proposal should not address for-profit businesses as the exclusive employing sector, but should also recognize the extent of employment represented by non-profit organizations.

6. Retain a nondiscrimination requirement on the basis of age, sex, race, religion, national origin and handicap.

7. Require participation in any local planning process by affected people and organizations.

Employment and training plans should be made available to the public for review and comment prior to being submitted for approval. Plans submitted should include a listing of comments received, whether they were incorporated in the plan and if not, why not.

8. Require representation of disabled individuals and rehabilitation facilities on private industry, state and local councils.

9. Require the annual plan by the prime sponsor, industry council, or local board to include a description of services and goals for disabled individuals and other difficult to serve populations.

There needs to be a recognition that disabled persons can benefit from these employment and training programs and that rehabilitation facilities are an appropriate mechanism to assure that involvement.

Michiana Industries was able to make excellent use of CETA programs over the past few years. This past year Michiana Industries utilized a staff member under Title II Part D, worked with 80 disabled students in the summer youth programs and placed 21 disabled persons into competitive non subsidized private sector jobs under two Projects With Industries (PWI) under the auspices of our local Private Industry Council (PIC).

The PWI's were particularly successful in that disabled clients were evaluated on industrial job sites, the Sellair Corporation and St. Anthony's Hospital, and eventually placed into competitive jobs. This was done at a cost of less than $1500 per person. This contrasts very favourably with the CETA public service employment program where the cost was $22,000 per trainee.

We recently completed a two year exemplary project under the Youth Employment and Training Program with a grant direct from the U.S. Department of Labor. In that program 250 disabled students ages 14-21 developed pre-vocational skills to allow them to go on to vocational and industrial arts programs in the public schools. In this county wide, four school district program there was a drop out rate of only 5%.

Much of our success in dealing with CETA programs has been due to our active involvement with the local CETA Advisory Council and PIC. I was a charter member of the CETA Advisory Council and I am currently Vice Chairman of the PIC. One of the disabled clients at Michiana Industries is on the Youth Committee of the CETA Advisory Council.

Since 1965 NARF has trained and placed over 5,000 persons, many of them disabled, to work in the field of rehabilitation under its On-the-Job-Training Program. This project has consistently exceeded all programmatic objectives. It has been funded under Section 306, Title III of CETA. It has been a most cost effective program. The cost to the federal government for the 5,000 placements has been only $4 million. Again, this is a very favorable figure when compared to other job training programs. Much of the success of this project has been NARF's ability to utilize its member rehabilitation facilities to train and place people into community jobs.

These success stories of rehabilitation facilities and CETA programs have been repeated all over the country.

NARF facilities serve as rehabilitation agencies to reduce the number and severity of living and adjustment problems to the disabled; as employment preparation agencies to train and vocationally prepare the disabled for placement into competitive employment; and as employers to provide sheltered renumerative employment.

In hearings before the Subcommittee on Employment and Productivity last year NARF advocated a national employment policy for disabled individuals. Existing programs do not constitute a comprehensive policy for their employment. The last decade has seen impressive gains in the recognition of needs of disabled individuals including protection of civil rights, provision of employment opportunities, delivery of services and provision of direct financial support. Public awareness of the disabled is more enlightened and pervasive. Some of the programs that have brought this about include Section 503 of the Rehabilitation Act, the Javits-Wagner-O'Day program, the Handicapped Assistance Loan Program under the Small Business Administration, community development block grants within the Department of Housing and Urban Development and the Comprehensive Employment and Training Act. We believe the challenge of the next decade is to mold these elements into a comprehensive national employment policy by filling in the gaps. Under such a policy to the maximum extent possible disabled people should have the opportunity to hold jobs in competitive employment. People who are limited in their ability to hold competitive employment should be able to obtain sheltered employment.

A federally sponsored employment training program is one facet of this comprehensive employment policy. To date, the CETA program has been the primary federally sponsored employment program. As noted above, it has played a major role in the advancements of disabled people. The CETA Act provides funds to prime sponsors and employers to provide employment and training services to special target populations. Prior to the 1978 amendments many prime sponsors did not consider disabled people or rehabilitation facilities eligible for CETA services or too difficult and expensive to serve. The Department of Labor verified these perceptions in an article in May 1977 issue of Work-Life Magazine which stated:

> "Despite their great need for employment and training assistance Americans with physical and mental handicaps received a relatively small share of CETA services."

The Comprehensive Employment and Training Act Amendments of 1978 (P.L. 95-254) included revisions in the Act which clarified the eligibility of handicapped people to receive services and the eligibility of rehabilitation facilities to receive funds to deliver such services. The Act was amended to:

1. include rehabilitation facilities in the definition of community based organizations (Sec. 3 (4));

2. include sheltered workshop clients in the definition of unemployed (Sec. 3(28) (B) (i));

3. revise the definition of economically disadvantaged to recognize the low income of most handicapped people (Sec. 3 (8));

4. prohibit discrimination based on handicap (Sec. 132);

5. revise prime sponsor planning requirements to include a description of services and goals for those experiencing

severe barriers to employment, including handicapped people (Sec. 103 (b)(3));

6. retain a national program for disabled individuals (Sec. 306);

7. require prime sponsors to establish an affirmative action program for handicapped people (Sec. 103 (15));

8. provide funds for job search and relocation assistance to the economically disadvantaged, unemployed, and underemployed (Sec. 304); and

9. provide training and education for personnel working with the handicapped (Sec. 306).

These changes have resulted in greater services for disabled people and greater participation by facilities in working with prime sponsors to deliver services and be members on prime sponsor planning councils, state councils, and particularly private industry councils. In 1979 approximately 200,000 handicapped individuals benefited from CETA services.

In 1980 GAO examined whether prime sponsors were providing services free of discrimination based on several factors including handicap. GAO found that significant segments of the population, including the handicapped, are not adequately served.[1] They are underrepresented particularly in on-the-job and public service employment. The report reflects a continuing problem in making employment training services available to handicapped people. As noted in the GAO report Prime and Balance-of-State sponsors give varying reasons why handicapped people are not referred or served. These include a belief that CETA was not designed for such individuals, that they belong in state vocational rehabilitation programs, that there is not as high a placement rate, and that their facilities aren't accessible. The result is that otherwise eligible people are not served. The continued bias against handicapped individuals which the 1978 amendments sought to eliminate still exists.

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[1] "Need to Ensure Nondiscrimination in CETA Programs," GAO, June 17, 1980, HRD-80-75.

NARF believes that the objectives of the 1978 amendments should be retained in any new federal employment training program. Handicapped people should continue to be eligible and encouraged to participate in the full employment training program and, as much as any other group, need access to roads into the competitive labor force. Rehabilitation facilities serve over 400,000 handicapped people and other hard-to-employ populations. These people have congenital birth defects, are victims of accidents or disease, or suffer from severe mental and emotional disturbances. They require comprehensive rehabilitation services in order to reach or regain their maximum functional levels. Rehabilitation facilities are expert at assessing these needs and providing a broad range of services to meet them. They include comprehensive rehabilitation hospitals, vocational training centers, and sheltered workshops. The services they offer include vocational assessment, speech and physical therapy, respiratory therapy, vocational orientation, evaluation and counseling, skill training, and on-the-job training. Many facilities provide a distinct service in their communities which has not been met by local governmental agencies. In many instances this public/private partnership has been very successful and ongoing. Since they are particularly expert in the needs of handicapped individuals they should continue to be utilized more frequently as a means to serve additional handicapped participants.

NARF stands ready to assist you and your staffs to develop a comprehensive employment and training program that fully encompasses disabled persons and full utilizes community based rehabilitation facilities.

I will be glad to answer any questions you may have.

Senator **Quayle**. Thank you very much, Mr. Stewart, and I want to commend you for your testimony, and we look forward to working with you.

Ms. Wahley.

Ms. **Wahley**. My name is Mary Louise Wahley, and I work for the Association for Retarded Citizens, as the job developer in the State of Indiana. I am here today to speak to you on behalf of the employment task force of the consortium concerned with the developmentally disabled, which is a nine-agency member task force on the national level, concerned with improving opportunities and conditions for the handicapped. I thank you on their behalf for this opportunity to speak today.

As far as my work experience, I have been a job developer in Indiana with the on-the-job training project since 1981. Prior to that time, I had worked with a community based sheltered workshop in Northwest Indiana for 4½ years. Part of my responsibility was to develop relationships with industry, to secure job development opportunities, as well as securing subcontracts for the sheltered workshops.

Employment is a priority issue for disabled people. In fact, the lack of specialized training opportunities can be as much a handicap as the disability itself. With support programs declining and high unemployment rates, the doors of the work force are virtually closed to handicapped persons.

Developmentally disabled persons aspire to independence, to become self-sufficient financially, but they often do need additional training and assistance.

Most of these individuals grew up prior to the enactment of Public Law 94-142, and therefore did not reap the benefits of special education programs obtaining the basic skills that you and I take for granted.

Further, disabled persons require specialized training to help compensate for their disabilities and to develop marketable skills. Once, of course, they develop these skills, they are able to be placed in a competitive work situation and contribute to national productivity, becoming taxpayers instead of tax users.

We must also focus on the needs of the potential employers of our work ready disabled. The employers need training, encouragement and incentives. Even when the disability is unrelated to the job duties, employers tend to avoid hiring the handicapped. As a result, unemployment for disabled persons is more than two times the national average and is comparable to or higher than that of youth and minorities for which employment programs are targeted.

Of particular concern to us is the future of federally funded employment and training programs. There has been a reduction in vocational education and vocational rehabilitation programs, and this has considerably reduced the ability of States and communities to provide for basic education and skill development.

Our concern today is, of course, the drastic reduction in CETA funding and the prospect of the termination of this program in the fall. The CETA program, in spite of its flaws, has been uniquely effective in providing specialized training and job placement services for people with disabilities. The CETA program has been successful because it trains and places persons in competitive work situations, moving them out of sheltered workshops and into unsubsidized employment opportunities in the private sector. We do feel very strongly that make-work opportunities are wasteful and futile programs. We are here in support of training for and placement in the real work environment.

CETA successfully trains and places disabled people because it enables groups to develop specific programs for particular disabilities and it provides incentives for employers.

Title III National Program Funds have been used to develop specialized national model programs. Many national firms, such as I.T. & T., IBM, TRW have been involved in the training and placement of over 1,200 handicapped persons. These programs have stimulated support and now serve as models on the State and local levels as well. There has been a proven $2 return in reduced welfare and other support payments for every dollar invested in training programs operated by the Epilepsy Foundation and the Association for Retarded Citizens.

Our message to you is that these national and local programs which are targeted to persons with disabilities must be continued if we are to maintain the momentum, that is, to train and place these people in the work force.

In reviewing the proposals for new employment and training programs before us today, we find much that is commendable, but there is much of concern to us. The first point is that strong emphasis on relevant long-term employment in the private sector is appropriate. Local planning councils with strong private sector roles should increase the sensitivity to the specialized needs of the handicapped population, insure the relevance of these programs. We are concerned that the administration's budget proposal does not include adequate funding to meet the needs of training and employment of the young minorities, and the handicapped. Saving money on training and employment is not sound economics.

In a recent survey that I took of 40 community agencies in the State of Indiana, there were identified over 500 job-ready individuals in those workshops who needed specialized and further job placement aid. The 1982 level of funding for training and placement of these individuals is also insufficient. As indicated earlier, the investment in this program returns a benefit to the Government in terms of reduced SSI, SSDI, and welfare support payments. Reducing investment in this program will not help to balance the Federal budget.

Unemployment and underemployment of the handicapped of our Nation is a national problem and should be a national priority. We are concerned that with limited funds, local control and no Federal priorities that the disabled will be ignored. Employers will hire others much easier to train and that local government will yield to political pressures and thus continue to ignore our handicapped population.

We have seen a drop by 50 percent of referrals from community based facilities to CETA programs, in the calendar year 1982. Many prime sponsors have stated that handicapped are not a priority for services. We feel that it is very important that the Task Force recommendations be considered.

These include, No. 1, that there be adequate funding. There is recommended a $5 billion authorization as indicated in H.R. 5320.

No. 2, that there be national demonstration programs and that a portion of these programs be targeted in the legislation to serve handicapped people.

No. 3, that Federal legislation indicate that representatives of disability organizations serve on local planning councils.

No. 4, that the set-aside for eligibility for participation in the program by people who are disabled but have an income above the minimum standard, be retained.

No. 5, finally that the legislation and report language state clearly that the purpose of this legislation is to serve the employment needs of disabled Americans as well as others with special needs.

We will prepare the lanquage which could be applied to each of these bills that have been introduced that would respond to these specific recommendations, and we will supply committee staff with these recommendations.

Again on behalf of people with disabilities, I want to thank you for this opportunity to speak.

[The prepared statement of Ms. Wahley follows:]

STATEMENT RESPECTFULLY SUBMITTED

To The

JOINT HEARINGS

Of The

SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

And The

HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

On Behalf Of

THE EMPLOYMENT TASK FORCE

Of The

CONSORTIUM CONCERNED WITH THE DEVELOPMENTALLY DISABLED

By

MARY LOUISE WAHLEY

JOB DEVELOPER

ON-THE-JOB TRAINING PROJECT

ASSOCIATION FOR RETARDED CITIZENS

INDIANAPOLIS, INDIANA

My name is Mary Louise Wahley. I live in Indianapolis, Indiana where I am the Job Developer for the On-The-Job Training Project of the Association for Retarded Citizens. I am here today to speak on behalf of the Employment Task Force of the Consortium Concerned with the Developmentally Disabled. The Consortium includes nine (9) national organizations which work to improve conditions and opportunities for disabled people. On behalf of the Task Force, I want to thank you for this opportunity to speak.

I have been Job Developer for a statewide project since July of 1981. Prior to that, I spent 4½ years with a community-based sheltered workshop in Northwest Indiana. I was program director, and I handled community job placement working on subcontracts with business and industry. I have seen and experienced, in the community itself, the successes and failures of training and employment programs for disabled people. I wish to share with you some of what I have learned and make suggestions for a new program.

Employment is a priority issue for disabled people. In fact, the lack of specialized training and employment opportunities can be just as much of a handicap as the disability itself. This problem is aggravated by declining support programs at the same time that training programs for employment are being reduced and high unemployment rates close doors in the work place.

People with disabilities want to be as independent and self sufficient as possible. They want to make their own living. However, because of their disabilities, handicapped people often need special training and assistance. Many grew up before schools offered special education programs. They were never given an opportunity to develop basic skills. In addition to basic work skills, disabled people need specialized training to help compensate for their disabilities and to develop marketable skills. Once these skills are developed and jobs are secured, disabled people become self sufficient and they contribute to national productivity.

In addition to providing skill development for disabled people, we must also work with employers. They need training, encouragement and incentives. Even when a given disability is unrelated to the work required, employers tend to avoid hiring the handicapped. As a result, unemployment for disabled people is more then twice the national average. It is comparable to and often greater than the rate for youth and minority groups for which employment programs and targeted. Underemployment is an even greater problem. Because of their disabilities, these people are often relegated to the most menial of tasks, and they are not even considered for promotions in spite of enormous potential for growth.

We are particularly concerned with the future of federally funded employment training programs. Reduced funding for Special Education, Vocational Education and Vocational Rehabilitation programs is cutting into the ability of states and communities to provide for basic education and skill development. Our concern today, of course, is the drastic reduction in CETA funding and the prospect of its termination this fall. The CETA program, in spite of its flaws, has been singularly effective in providing specialized training and job placement services for people with disabilities.

The CETA program has been successful because it trains and places people in competetive employment. It enables people to come out from the shelter and progress into unsubsidized work in the private, profit making sector. We are just as concerned as you with the futility and waste of dead end make-work programs. Some CETA programs were guilty of this short sighted approach, but those problems appear to have been eliminated. We are here in support of training for and placement in real jobs.

CETA successfully trains and places disabled people because it enables groups to develop specific programs for particular disabilities and it provides incentives for employers.

Title III National Program Funds have been used by the National Association for Retarded Citizens, Electronics Industries Foundation, Epilepsy Foundation of America, Federation for the Blind, Goodwill Industries, Mainstream and the National Association of Rehabilitation Facilities to develop specialized national model programs.

The Electronics Industries Foundation, for example, has a national

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program to facilitate the employment of disabled people in an industry with manpower shortages. Companies like IT & T, IBM, TRW and many others cooperate to train and place disabled people to be everything from assemblers to senior field engineers. The salary range of those placed is from $7,000 to $44,000 with an average of $10,700. To date, over 1,200 people have been placed. The national program has been a model that stimulates state and local support as well.

National programs operated by the Association for Retarded Citizens, the Epilepsy Foundation and others focus on particular conditions and needs. As a result, they have produced remarkable placement records. Analysis of these programs indicates a two dollar return in reduced welfare and other support payments for every dollar invested in the first year alone. As these people remain productive throughout their lives, the return multiplies.

These programs provide models and skills that are used by other agencies which contract with local prime sponsors for services. Their success is equally remarkable and cost-beneficial. Our message to you is that these national and local programs targeted to people with disabilities must be continued if we are to maintan our momentum to train and place these people in the work force.

As we review the proposals for a new training and employment program, we find much that is commendable, but also several areas of concern. Clearly, the strong emphasis on relevant long term employment in the private sector is appropriate. One of the great frustrations of disabled people is the investment of time and energy in training only to find limited demand in the market place for their new skills. Developing local planning councils with a strong private sector role should help insure relevance of the programs, and it should increase the sensitivity of private enterprise to special employment needs.

On the other hand, we are concerned that the employment needs of the disabled will not be adequately met. The administration's budget proposal does not include adequate funding to meet the vast training and employment needs of young people, minorities and the disabled. Maintaining the 1982 funding level would not be sufficient either. Saving money on training and employment is not sound economics. As indicated earlier, the investment in this program returns a benefit to the government in terms of reduced SSI, SSDI and welfare support payments. Reducing the investment in this program will not help to balance the Federal budget. Rather, it could further strain the deficit.

We are also concerned that in the movement to devolve control to State and local levels, vital national priorities and instructive national models could be lost. Unemployment and underemployment of the disabled is a national problem. Solving this problem should be a national priority. The national model programs that I have mentioned demonstrate the value of specialized programs for particular disabilities. Blindness, epilepsy, mental retardation and other conditions require specialized approaches. The national programs develop succesful models which provide both stimulus and instruction for locally operated programs. They are the trunk of the tree. Without the trunk, brances fall and the leaves wither.

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Finally, we are concerned that with limited funds and local control without federal priorities, the disabled population will be ignored. Private employers will seek the easier clients to train and employ. We don't claim that the disabled are easy to train or to employ. They are, however, trainable and employable, and they should be given that opportunity.

Without federal priorities, local governments will be subject to political pressures as they establish their priorities. Frankly, most local disability groups lack political influence. Their limited resources, time and efforts are devoted to working with people in need of services rather than to influencing government policy.

Our experience in Indiana substantiates these concerns. As funds became scarse for CETA programs last year, we found a 50% drop-off in CETA referals. Local CETA prime sponsors are not responding because, in their own words, "the disabled are not a priority."

Because of these concerns, the Employment Task Force of the Consortium

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Concerned with the Developmentally Disabled urges that the following be included in a new training and employment program:

1. That there be adequate funding. We recommend a five billion dollar authorization as indicated in H.R. 5320.

2. That there be national demonstration programs and that a portion of these programs be targeted in the legislation to serve handicapped people.

3. That federal legislation indicate that representatives of disability organizations serve on local planning councils.

4. That you retain the set-aside for eligibility for participation in the program by people who are disabled but have an income above

the minimum standard.

5. Finally, that the legislation and report language state clearly that the purpose of this legislation is to serve the employment needs of disabled Americans as well as others with special needs.

We have prepared language which could be applied to each of the bills that have been introduced that would respond to these recommendations. We will supply committee staff with these recommendations.

Again, on behalf of people with disabilities, I want to thank you for this opportunity to speak.

Senator QUAYLE. Thank you, Ms. Wahley. I am sorry that I mispronounced your name. I know that many people refer to me as Quailey. So we have a little bit in common as a former board member of the Huntington County. I know the fine work that you do in Indiana.

Mr. Ortiz.

Mr. ORTIZ. My name is George Ortiz, and I am president of the California Human Development Corp. and chairman of the board of La Cooperative Campesina de California, an organization dedicated to improving the conditions of farmworkers. I am also representing today the Association of Farmworker Opportunity Programs [AFOP], and the National Association of Farmworker Organizations [NAFO]. Together, these three organizations represent virtually all of the programs presently funded by section 3 of CETA to assist farmworkers.

We would like to tell you something about farmworkers.

These are the people who planted and harvested the food you will eat today. These are the people who are constantly moving from State to State seeking employment that generally does not provide fringe benefits or unemployment compensation, whose working environment is often dangerous to their health, whose piece-rate wages are generally less than the hourly minimum wage, and whose state of poverty has not changed substantially in the past 22 years—1980 average income as low as $1,075.

Fortunately for farmworkers, ever since 1964 the Federal Government has made available a separate and distinct program for farmworkers. At first, in the Economic Opportunity Act of 1964, and later in the Comprehensive Employment and Training Act of 1973. We have therefore had many years of experience in running Federal programs for farmworkers.

Based on our 17 years experience in addressing the unique needs of farmworkers, we feel that the following components must be in any employment and training legislation in order to achieve successful results.

First, we need national administration. Farmworker programs must remain centrally administered from a national office within the U.S. Department of Labor in Washington, D.C. Only through such national administration can the true nature of the farmworker population be recognized and properly addressed. Because of migration patterns, farmworkers more truly represent a national citizenry rather than the responsibility of any one State. Only a national system can transcend interstate and intrastate boundaries, and provide the coordination among programs which meet farmworkers' particular needs.

Second, we need competitive grant awards. National administration also allows for a competitive process which recognizes the political powerlessness of farmworkers and protects the programs from the generally conflicting interest within the local agricultural communities.

Third, we need adequate funding. While recognizing the need for funding constraints, our concern is to continue an adequate level of activity to meet the growing needs of farmworkers.

Fourth, we need flexibility. Experience has taught that flexibility is necessary for programs to successfully serve farmworkers.

In preparing our testimony today, we have carefully analyzed four bills and we would like to comment on each of them. While all four bills contain some provisions which meet the needs of farmworkers, it is only the Hawkins bill and the Quayle bill that come close to meeting all the requirements necessary for running successful programs for farmworkers. Accordingly, we wish to commend Congressman Hawkins for his efforts and commend Senator Quayle, and his cosponsors for their efforts.

The following points on the proposed bills will identify how each complies or fails to comply with requirements for successful farmworker programs.

One, the national administration. While the Hawkins, Quayle and administration bills all provide for national administration, we feel that the only protection for true national administration is found in the language of the Hawkins bill which spells out clearly that national administration means central administration with a professional staff.

Second, competitive grant awards. Both the Hawkins and the Quayle bills provide that public agencies and private nonprofit organizations are eligible to receive funds.

Third, adequate funding. Both the Hawkins and the Quayle bills have a percentage set aside of funds for farmworkers, which we feel is adequate. The administration's bill sets aside no funds specifically for farmworkers but includes them in a category with other national emphasis programs and provides inadequate funding for all those programs as well as failing to provide any guaranteed minimum.

On behalf of the Association of Farmworker Opportunity Programs, the National Association of Farmworker Organizations, and La Cooperative Campesina de California, I thank you for your time and attention.

[The prepared statement of Mr. Ortiz follows:]

STATEMENT OF GEORGE L. ORTIZ,
Chairman, La Cooperativa Campesina de California

Representing:

Association of Farmworker Opportunity Programs (AFOP)
La Cooperativa Campesina de California
National Association of Farmworker Organizations (NAFO)

My name is George L. Ortiz and I am President of the California Human Development Corporation and Chairman of the Board of La Cooperativa Campesina de California, an organization dedicated to improving the conditions of farmworkers. I am also representing today the Association of Farmworker Opportunity Programs (AFOP) and the National Association of Farmworker Organizations (NAFO). Together, these three organizations represent virtually all of the programs presently funded by § 303 of CETA to assist farmworkers.

We would like to tell you something about farmworkers.

I. INTRODUCTION

These are the people who planted and harvested the food you will eat today. These are the people who are constantly moving from state to state seeking employment that generally does not provide fringe benefits or unemployment compensation, whose working environment is often dangerous to their health, whose piece-rate wages are generally less than the hourly minimum wage, and whose state of poverty has not changed substantially in the past twenty-two years (1980 average income as low as $1,075). They are the national citizens of this country, the migrant and seasonal farmworkers. Farmworkers are among the poorest people in America, and as such, face unique problems: they must spend much of their time (and a high proportion of their income) just seeking employment. Even when they find work, there is no job security because of weather conditions and variable crop seasons. Often the states within which they work refuse to accept responsibility for serving the farmworkers who perform the backbreaking labor which aids to supply the food needs of many nations. Lack of transferable skills, lack of education (75% drop out rate with an average educational level of sixth grade and fourth grade reading level), language difficulties (over 53% having limited English-speaking ability), health problems (one of the highest infant mortality rates and the lowest life expectancy), and continual unemployment and underemployment are compounding factors. These characteristics combine to keep farmworkers on the very bottom rung of the economic ladder.

II. PROGRAM REQUIREMENTS

Fortunately for farmworkers, ever since 1964 the Federal government has made available a separate and distinct program for farmworkers. At first, in the Economic Opportunity Act of 1964 and later in the Comprehensive Employment and Training Act of 1973. We have therefore had many years of experience in running Federal programs for farmworkers.

Based on our seventeen years experience in addressing the unique needs of farmworkers, we feel that the following components must be in any employment and training legislation in order to achieve successful results.

National Administration: Farmworker programs must remain centrally administered from a national office within the U.S. Department of Labor in Washington, D.C. Only through such national administration can the true nature of the farmworker population be recognized and properly addressed. Because of migration patterns, farmworkers more truly represent a national citizenry rather than the responsiblity of any one state. Only a national system can transcend inter- and intra-state boundaries, and provide the coordination among programs which meet farmworker's particular needs.

Competitive Grant Awards: National administration also allows for a competitive process which recognizes the political powerlessness of farmworkers and protects the programs from the generally conflicting interest within the local agricultural communities. An effective competitive process is important because it promotes those grantees who strive to provide the most cost effective services possible.

Adequate Funding: In fiscal year 1981, funding level for both farmworker youth and adult employment and training programs was approximately $95 million. While recognizing the need for funding constraints, our concern is to continue an adequate level of activity to meet the growing needs of farmworkers. With increased mechanization in the agricultural industry, the result is fewer jobs for farmworkers. With no unemployment compensation to assist them, unless an adequate level of farmworker program activity can be maintained, most will be forced to depend upon the welfare system and remain in poverty. With the training and employment programs, farmworkers can be taken from unemployment or underemployment to self-sufficiency. The return in taxes compared to the funds invested has shown gains of 170% and more.

Flexibility: Experience has taught that flexibility is necessary for programs to successfully serve farmworkers. Flexibility must be maintained in the following administrative and programmatic areas:

o Age Targeting - Farmworker youth are currently served, not on the basis of their own farmwork experience, but because most are the children of farmworkers and suffer from the same barriers to traditional service delivery programs their parents face. Until the heads of farmworker families are able to obtain stable employment and stable income, it is unrealistic to expect the children to develop the means to escape poverty. Latitude to design a youth and/or adult program, based on the characteristics of the targeted population must be given if program operators are to achieve the most effective use of the funds available.

o Stipends and Allowances - We recognize the undesirabiliy of providing program participants stipends or allowances in addition to unemployment compensation or welfare. However, it must be remembered that farmworkers are generally ineligible for unemployment compensation and that often public assistance is inaccessible. Therefore, if farmworkers are to have a realistic opportunity to participate in employment and training programs, the programs must maintain their ability to provide stipends or allowances where necessary to enable participants to meet their food, clothing, housing and transportation needs.

o Types of Training - Our records show that greater success is achieved in long-term placements when the interests and abilities of the farmworker are matched with a related job. For years, our programs have completed labor market analyses, initiated business contacts and offered individualized job development and placement services. Inter- and intra-state coordination has allowed the relocation of farmworkers from rural areas, with predominately low skilled agricultural labor jobs, to labor market areas with a greater diversity of available jobs. To restrict the training and placement activities to one field of occupation, such as agriculture, or to particular skill shortages in a local labor market area would eliminate opportunities available to farmworkers.

o Administrative Cost Ceiling - Because of individual local conditions, some farmworker programs are able to operate efficiently with less than 20% administrative costs. But the effectiveness of other farmworker programs would suffer under an administrative cost ceiling of less than the current 20%. The present system recognizes the influence of local conditions and wisely allow the programs to negotiate for administrative costs which are appropriate for their geographic areas and operations.

- Supportive Services - Supportive services are used by farmworker programs for the major purpose of keeping their participants working, or in training for future employability. Intervention in crisis situations, which affects an individual's employment or training, is the aim of supportive services. Limiting supportive services to a percentage of program funds would hamper programs from successfully meeting the goal of placement for farmworkers.

- Work Experience - Work experience serves to acclimate an individual, with only low skilled farm labor experience, to the more formal and socially demanding environment of skilled agricultural and non-agricultural employment. Without this transition process, some farmworkers will not be able to successfully adjust to the rigors of the business environment. The benefits of work experience, placement in unsubsidized employment, are well worth the monetary investment.

Private Sector Involvement: The ability of farmworker programs to interact effectively with their local business communities is essential for the successful planning of training activities and the placement of participants into unsubsidized, full-time, private sector jobs. The programs have learned that in order to properly serve the participants, the programs cannot fully rely on other sources, but must prepare their own labor market needs surveys and provide their own placement services. Accurate labor market surveys and successful placement services required the programs to actively seek private sector involvement, long before such activity was in CETA.

III. PENDING LEGISLATION

In preparing for our testimony here today we have carefully analyzed four bills and would like to comment on each of them. Those bills are:

1. The "Community Partnership for Employment and Training Act" (H.R. 5320) introduced in the House by Mr. Hawkins, and referred to as "The Hawkins Bill".

2. The "Training for Jobs Act", introduced in the Senate by Senator Quayle for himself, Senator Kennedy, Senator Hawkins, and Senator Pell, and referred to as "The Quayle Bill".
3. The "Productivity and Human Investment Act", introduced in the House by Congressman Jeffords, and referred to as "The Jeffords Bill."
4. The "Job Training Act of 1982", shown to us in draft form by the Department of Labor, and referred to as "The Administration Bill".

While all four bills contain some provisions which meet the needs of farmworkers, it is only the Hawkins bill and the Quayle bill that come close to meeting all the requirements necessary for running successful programs for farmworkers. Accordingly, we wish to commend Congressman Hawkins for his efforts and commend Senator Quayle and his co-sponsors for their efforts.

The following points on the proposed bills will identify how each complies or fails to comply with requirements for successful farmworker programs.

National Administration: The Hawkins, Quayle and Administration bills all provide for national administration. While, in our opinion, the requirement in CETA for national administration has always been clear on its face, we have been concerned that the Department of Labor has not always viewed national administration the same way. To us, national administration means funding programs out of the headquarters' office in Washington and administering the programs out of the same office with a staff of professionals who are knowledgeable about farmworker programs. In fact, this is the way the program has been administered ever since it was first promulgated in the Economic Opportunity Act of 1964. However, we are in possession of a memorandum from a Solicitor of Labor who argued that national administration does not mean central administration. The Solicitor stated that farmworker programs under the CETA language could be parceled out to regional offices. Therefore, we feel that the only protection for true National administration is found in the language of the Hawkins bill which spells out clearly that national administration means central administration with a professional staff. We would therefore suggest that the legislation finally adopted by this Congress contain the wording of the Hawkins bill.

Competitive Grant Awards: Both the Hawkins and the Quayle bills provide that public agencies and private non-profit organizations are eligible to receive funds. We prefer the language of the Hawkins bill, however, which requires that grantees prove that they have "an understanding of the problems of migratory and seasonal farmworkers, a familiarity with the area to be served, and a previously demonstrated capability to administer effectively a diversified employability development program for migrant seasonal farmworkers". It has been our experience that there are many groups who pretend to have capability. Only when the capability has been demonstrated can we be sure that Federal funds are going to serve the needs of farmworkers. We also applaud the provision of the Hawkins bill permitting the Secretary to make designation of grantees for a period of two years. This permits successful program operation to continue without the expenditure of valuable resources on annual competition.

Additionally, we suggest that the legislation enacted by this Congress contain provisions found in the Quayle bill calling for the Department of Labor to use standard competitive Government procurement policies in awarding grants. We have been frustrated with the Department of Labor's awarding of grants using a procedure that appears to be competitive but does not provide the protection that Government procurement policies require.

We would also like to call to this Committee's attention a provision in the Administration's bill that would permit the Department of Labor to insert in all grants a termination for convenience clause. We strongly oppose this language. The Office of Management and Budget has issued requirements for all Federal agencies to include certain standard provisions in grants made to non-profit organizations. These provisions are found in OMB Circular A-110. OMB has required Federal agencies to "terminate for convenience" only when it is mutually acceptable by both the Federal agency and the grantee. During this past year the Department of Labor has repeatedly tried to circumvent that Circular by coercing grantees into giving their approval in advance. Those who have refused and have stood on their legal rights have experienced delays in funding and have been funded on a month-to-month basis until they would acquiesce. We now notice that the Administration bill attempts to legitimize that procedure by exempting the Department of Labor from OMB Circular A-110. We strongly recommend against the inclusion of such language. OMB Circular A-110 provides for other forms of termination and the Department of Labor should be no different than any other Federal agency.

Adequate Funding: Both the Hawkins and the Quayle bills have a percentage set aside of funds for farmworkers based on the total authorization and appropriation. Both would yield approximately $84 million for farmworker programs if the total authorization is appropriated. While this sum is not sufficient to accomplish the task of assisting America's farmworkers, we feel it is adequate in these difficult economic times and we accept our responsibility to assist in lowering America's deficit. We do prefer, however, the language of the Hawkins bill because it states that the percentage is a guaranteed minimum. The Quayle bill allocation states that the percentage "shall be available" and we are concerned that it may be interpreted within the Department of Labor not as a minimum but as a maximum. The Administration's bill sets aside no funds specifically for farmworkers but includes them in a category with other national emphasis programs and provides inadequate funding for all those programs as well as failing to provide any guaranteed minimum.

Other Programmatic Activities: We commend the treatment of stipends and allowances, supportive services and "try-out" employment within the Jeffords bill. At the same time, however, we maintain that labor exchange activities, particularly those related to the recruitment of H-2 workers, remain separate from a farmworker employment and training initiative.

We would recommend that the final legislation contain language clarifying the intent of Congress that eligibility requirements and other provisions applicable to other populations under the act do not necessarily apply to farmworkers because of their special needs.

On behalf of the Association of Farmworker Opportunity Programs, the National Association of Farmworker Organizations, and La Cooperativa Campesina de California, I thank you for your time and attention.

Association of Farmworker Opportunity Programs

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Connecticut	New England Farmworkers' Council
Delaware	Migrant & Seasonal Farmworkers Association, Inc.
Florida	Florida State Department of Education-Migrant Division
Georgia	Migrant & Seasonal Farmworkers Association, Inc.
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Louisiana	Motivation, Education & Training
Maryland	Migrant & Seasonal Farmworkers Association, Inc.
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Iowa	Proteus Adult Training, Inc.
Nevada	Center for Employment and Training
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Illinois

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Nebraska

Nebraska Association of Farmworkers

New Hampshire

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New Mexico

Home Education Livelihood Program

New York

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North Dakota

North Dakota Rural Development Corp.

Ohio

La Raza Unida de Ohio

Oklahoma

Oklahoma Rural Opportunities Development Corporation

Pennsylvania

Rural N.Y. Farmworker Opportunities, Inc

Rhode Island

New England Farmworker Council

Utah

Utah Rural Development Corporation

Washington

Northwest Rural Opportunities

Wisconsin

United Migrant Opportunity Services, Inc.

** The above NAFO members administer comprehensive CETA, title III, section 303, grants in the current fiscal year. In addition, the Midwest Association of Farmworker Organizations, a coalition member within NAFO, administers a peer exchange grant in farmworker employment and training ad several additional members administer farm labor housing grants through the program.

Senator **Quayle**. Thank you very much.

Mr. Miller.

Mr. **Miller**. I am Alfred P. Miller, executive director of the Federation Employment and Guidance Service in New York City, and am speaking here today on behalf of the Council of Jewish Federations, Inc.

I have submitted my written testimony and I would like to comment on the main theme of our testimony.

It is interesting that all of the previous speakers at this table represent organizations that have one thing in common. They all represent the private not-for-profit voluntary sector. The private not-for-profit voluntary sector is probably the most misunderstood type of organization in this Nation. We keep referring to private sector initiatives and the private sector without recognizing the fact that the not-for-profit voluntary sector is a part of the private sector. The major difference is that while the private for-profit corporations distribute their profits among shareholders, the private not-for-profit corporations plow their money back into additional services for the community.

When we talk about the private sector initiatives and private industry councils, we must keep in mind that the Private Industry Councils are not elected by the voters. I myself sit on the private industry council in New York City, and I know very well that I have been appointed and not elected. If we give the private sector and the private industry councils the final decisionmaking authority to determine priorities for spending Government manpower funds and determining who should receive those funds and conduct the programs rather than leaving that authority with elected officials such as our mayors, Governors, and local legislators, we will be disenfranchising the voters. They will have no recourse at the polls if they feel that their tax money is being spent unwisely or unproductively. The final authority for determining priorities and who should be funded must rest with our locally elected officials, with maximum input from both the private for-profit sectors vis-a-vis the Private Industry Councils.

One other confusing factor in the understanding of manpower services is that many people, including many public officials, tend to confuse employment and skills training with CETA. CETA is the name of a particular piece of legislation. Employment, skills training, and work adjustment are needs that must be met regardless of what name is given to the piece of legislation authorizing the funding, together with the subsequent rules and regulations derived therefrom. Most people tend to also confuse CETA, which is a multititled program with title VI of that program, which refers to public service employment [PSE]. Many of the CETA programs have been successful, while some have not. Even CETA title VI PSE, while creating problems during its first phase, was highly successful during its last year and highly productive in meeting its objective of gainful private employment.

The important thing is that coming from an organization that serves practically everyone that has any kind of barrier to employment, whether they be the blind or visually handicapped, the mentally retarded, the new immigrants, the person that is incarcerated, the person in the mental institution, we tend to get the broader view and the broader view is that we have to come as close as we can to meeting the total needs of people that need help with the highest quality service at the lowest cost per unit of service. There are ways of achieving that. That is not an impossibility.

If we look at successful programs, if we put more money into national demonstrations rather than always so little that we cannot demonstrate the uniqueness of the programs that do work, if we do not accept initiative and creativity we are just going to be repeating and rebuilding the same wheel.

I would urge you to see to it that the not-for-profit private voluntary sector is not relegated to just a referral or evaluation process but is involved in skills training, and job placement because if we leave training strictly up to the private for-profit sector, even though they have always been in partnership with Government and the private not-for-profit sector they will be forced to accept only the top third of those who are unemployed. It is going to become a triage system. The bottom two-thirds will not receive services because they require additional help that the private for-profit sector is not prepared or equipped to deliver. They are not job ready. An OJT could take a person who is almost job ready and make him ready to get a job. But the people who have lost faith in themselves, the people out on the streets, hustling and involved in crime, the people that have dropped out of school, the people that do not have English as a primary language, the disabled, they need additional help, and that additional help has to come from a partnership, a partnership of the voluntary community, local businesses and private industry, with these programs monitored and evaluated by Government agencies and advisory committees.

The Government should set policy. The Government should monitor. The Government should evaluate, should determine who gets refunded and for how much. The voluntary sector should help to prepare people for business and industry, and industry should be able to employ the top third of the unemployed on its own with minimal if any Government subsidy.

If a private-for-profit manufacturing corporation has the capability of selling 3 million widgets, they will have no difficulty finding sufficient numbers of people, with a little effort on their part, who can be trained to make those widgets, and the cost for training them should be built into their cost price structure and require no Government subsidy. The problem, therefore, lies with the two-thirds of the unemployed who are at the bottom of the triage system. They cannot be trained at little cost to make those widgets. They are not job-ready. They require services such as counseling, motivation counseling, remediation, English as a second language, before they are ready to successfully learn even an entry level skill.

If the private-for-profit corporations are forced to hire these people, they run the risk of losing whatever profits they may have, as well as failing miserably in the rehabilitation of the individuals hired. They do not have the capability nor the motivation to take on this major problem in our system. However, in partnership with the not-for-profit voluntary sector and the public sector which do have the training experience, staff, physical plant, together with the support of Government, a manpower program can be successful and can reach many of those who would otherwise remain structurally unemployed.

Whether we replace CETA with a new piece of legislation or not is less significant than whether we are going to take the voluntary sector in which the Government has put billions of dollars over the years to create physical plant, workshops, training centers and trained staff, and the current system we use to train professionals in what has now become high technology professions, and try to replicate and duplicate all this in the for-profit sector. I believe this would be a grievous and costly mistake.

What I am afraid of is the interpretations that we are already receiving, and I wish to point out to you that that which is perceived is for all intents and purposes reality. The interpretation is that the voluntary sector and the public sector are going to play a limited role in the manpower service delivery system, instead of being full partners in training and preparation of people for jobs.

Thank you.

[The prepared statement of Mr. Miller follows:]

TESTIMONY

BEFORE EMPLOYMENT & PRODUCTIVITY SUBCOMMITTEE OF SENATE LABOR & HUMAN RESOURCES COMMITTEE, AND

EMPLOYMENT OPPORTUNITIES SUBCOMMITTEE OF HOUSE EDUCATION & LABOR COMMITTEE

NATIONAL EMPLOYMENT TRAINING POLICY

Alfred P. Miller
Executive Director
Federation Employment and Guidance
Service
New York, N.Y.

March 15, 1982

Washington, D.C.

I want to thank you for being given this opportunity to appear before this Committee.

This Committee is being called upon to draft legislation that will have a huge impact on our society, our economy and on the ability of the United States to continue in its role as the leader of the free world.

This may seem to some as though I am overstating the importance of the legislation this Committee is in the process of drafting. However, if we fully understand the nature of government and its role in manpower planning and implementation, let alone funding, we will readily see that this policy impacts business and industry, education on the secondary and college levels, crime, with the resulting inflation caused by losses due to crime, mental health and our nation's ability to produce a quality product at the lowest possible unit cost so that we can compete in both productivity and quality on world markets.

We have recognized for years the importance of education in our society. The resources this government has put into education and research over the years has given us our industrial base, our advanced technology and the industrial leadership we have enjoyed until now and may be in danger of losing. Education, however, is the transfer of knowledge in preparation for a profession, business or management career. Manpower and skills training on the other hand are the transfer of skills for our industries: manufacturing, service, clerical, and retail. We can afford to neglect neither.

The basic concern of this Committee has to be not should government support education and manpower services including skills training and job placement, but what are the basic systems, methodology and technology we should utilize to assure success, to assure that we make a large enough impact on chronic unemployment and to assure the greatest percentage of positive outcomes at the lowest per unit cost of government expenditure.

There has been a tremendous amount of discussion and debate over whether the private sector or the public sector should have the major responsibility for manpower services in preparing our citizens for jobs and careers.

I want to clarify a misconception that is generally held by the public. And, that is that the private sector does not just mean profit making private corporations, the private sector also includes the not-for-profit corporations, sometimes referred to as the voluntary sector. Unfortunately, the term voluntary sector tends to bring to mind elderly ladies wrapping bandages or grey ladies distributing candy in the hospital. I do not mean to denigrate this type of voluntary effort, but I want to bring to your attention and to the public's attention the fact that there are not-for-profit corporations in the human services field who have modern management systems, whose objective is to produce a product at the lowest possible cost per unit, only, our product happens to be people, and if we do our job well, we may even earn a profit. The difference therefore between the for-profit private sector and the not-for-profit private sector is that the for profit private sector distributes its profits to its stockholders and investors, and the not-for-profit private sector plows the profits back into additional services for the community it serves. The not-for-profit corporations Board of Directors is made up of top people from business, industry, labor, civic associations, community groups and the like. They are the true volunteers who provide generously of their time and expertise at no cost to the corporation. They fully understand that today's high technology manpower services must be performed by highly trained specialists. These are trained professionals and supportive staff who have spent years learning their craft and who continue to improve on their knowledge in day by day actual experience in the provision of these services.

I want to say a few words as a taxpayer. Our government for over 60 years has spent literally billions of dollars in the provision of human services, including manpower and vocational rehabilitation for the disabled. These dollars have not gone to waste. They have created physical plant, equipment, programmatic technology, and a cadre of trained, skilled, dedicated professionals. They have helped to develop a system of education within our universities and to train those professionals in not-for-profit agencies which provides them the additional practical training for the real world of job preparation, skills attainment, job development and job placement.

What would happen now if suddenly this government were to say that CETA has not worked and by the way much of CETA has been successful and then to wrongly equate CETA with all public and voluntary manpower services and to throw the baby out with the bath water by coming to the simplistic conclusion that only the private profit making corporations can provide successful manpower and skills training services appropriately. The failure to understand that the real answer to unemployment in this country, the real answer to economic development and the creation of new jobs, the real answer to reaching out and motivating and counseling and training the unemployed, the disadvantaged, the disabled, requires a team approach - a partnership of private business and industry and the private not-for-profit human service agencies working with government - federal, state and local who would be charged with the responsibility of creating policy, planning, determining the outcomes to be obtained, monitoring the process and providing some, not all, of the resources.

If you pass legislation that provides only for private business and industry and the private industry councils, and I serve on the Board of the New York Private Industry Council, to do the whole job, you will be throwing out that which President Reagan has properly focused on, that which has made America the great nation it is today, the voluntary sector and all that it stands for. And what does the voluntary sector represent? It represents the cream of the crop of our nation's leadership in industry, business, government, labor and the community, donating their time, their expertise and their money in a cause in which they believe, with an organization that has demonstrated to them its capability to do the job and to do it well in partnership with top flight professionals, management and supportive staff, to create a service provision that would be too costly if society had to pay the full costs of the voluntary contributions of these leaders.

When you look at a top flight voluntary agency, such as the Federation Employment and Guidance Service (FEGS), you will find that from its start almost 50 years ago it recognized the need for a partnership with private industry, business, government and the community if it were to perform its function which overall is to provide a successful vocational adjustment, community adjustment and social adjustment.

By vocational adjustment, we mean a job, hopefully with a career path. By community adjustment, we mean a place to live whether in a group home, a foster home, or one's own home. By successful social adjustment, we mean the ability to live within our society, to live in the community to be a responsible member of that community, hopefully even to take part in the civic leadership of that community one day.

It has been stated by many people that there is waste, abuse and mismanagement in the public and voluntary sector in the provision of manpower programs. I have no doubt that some of this does exist, although not nearly as much as some seem to believe. I have no doubt it also exists in private business and industry or in any other human endeavor. However, if one wants to try to balance a budget, to cut government spending, then the only way to do so sensibly is for government to issue requests for proposals for government funding which clearly delineate minimum acceptable outcomes and then to state categorically up front that those programs that do not meet the minimum agreed to outcomes will not be eligible to be refunded, whether these programs are operated by a public agency, a not-for-profit corporation or a profit-making corporation. And I would go further. I would also state that of those programs that do meet the minimal outcome expectations, only the top 90% of performers would be refunded. It is my belief that the competition would be such that the top 90% of performing organizations would probably serve the same number of people as were previously served by 100% of the service-providing organizations. At least then we would know that if we would cut government spending for these services by 10% we would be cutting selectively and not across the board. When you cut across the board, if "X"% of the programs were wasteful, abusive or mismanaged, then "X"% of what remains would still be wasteful, abusive or mismanaged. But if you cut selectively based on predetermined and agreed to outcomes, then you are helping to upgrade the quality of service, while cutting the cost per unit of service, thus assuring more people being served for less dollars.

I want to restate that I do not believe from my experience that there is a great deal of waste, abuse or mismanagement in the voluntary sector. What I am imploring you to take into consideration is for you to give the not-for-profit voluntary private sector corporations, such as FEGS, the opportunity to compete equally for government funding in the provision of manpower and rehabilitation services. We want no special benefits because we are a voluntary not-for-profit corporation, but we believe that we have great expertise in the work we do. Our track record demonstrates this. We have proven results for a period of almost 50 years. We have physical plant, equipment, program technology, creativity and trained staff that would cost large sums of money to attempt to replicate in the private for profit sector. The private for profit sector is and will remain an integral part of our operation and of our philosophy and programmatic approach. We have learned from almost 50 years of close and successful relationships with over 40,000 employers in the New York Metropolitan Area that if a business has, as a result of its marketing strategies, the ability to sell 100,000 widgets a year, that business will find the people and train them to make those widgets, and they do not require government subsidies to do so. It is built into their cost price structure. But the people who are hired to make those widgets are people who are job ready, able and willing to go to work, who may require some skills training on the job but do not require the more difficult orientation to the very concept of world of work, the responsibilities of the work place, the expectations of a productive worker and in many cases basic reading, arithmetic and language skills. To ask private industry to take on the task of providing these services would lead many firms on the path to frustration and some to eventual bankruptcy.

On the other hand, not-for-profit agencies, such as FEGS, have the desire, the skills and the experience to take this group of people who are our structurally unemployed, our high school dropouts, our youthful offenders, our dischargees from mental institutions, prisons and correctional facilities, and help to make them job ready. These agencies, however, have to accept the responsibility of targeting their training for jobs that currently exist in actual industry. They have to be prepared to do in effect basic training of the individual with the more advanced skills training being conducted at the actual workplace, whether on an OJT (On-the-Job Training) or as an actual employee of the corporation. Vocational education in the school systems do long-range training, the not-for-profit community-based agencies do short-term training to meet the immediate needs of industry, and in some cases training in the evening for high level skilled positions for the advancement of those individuals already working who are earning money, paying taxes, and being productive members of the community.

I wish that it would be possible to hold at least one session of these hearings at a community-based not-for-profit voluntary agency such as FEGS where members of this Committee could see people being trained, talk to people who have been trained and placed on jobs, but most important of all talk to personnel directors of major corporations as well as owners of small businesses and mom and pop stores who have hired thousands of people over the years through FEGS and who could explain to you that the reason they have hired these thousands of people from FEGS is not because they wanted to perform a social service but because FEGS understood their employment needs, their need to make a profit, and has been able to successfully fulfill those needs and that is why they come back. They are part of our partnership with business, industry and government.

I believe it is necessary for people like me to testify before this Committee, but I strongly believe that if this Committee is to get a true picture of the needs and of the best way of meeting those needs you should also hear from those employers who have had satisfactory experiences, from those individuals who have been trained and well prepared and made placeable and who are now employed, from those individuals who had previously given up and taken to the streets, whose anti-social behavior and criminal activities have cost this society millions of dollars a year and who have been reached out to and learned to have faith once again and who have then been trained and placed on a job and have not only become productive members of society but have even accepted enough social responsibility to come back to the very programs from which they themselves have graduated to help to tell others: "This is for real." "It works." "You can trust these people, and I just got a promotion."

We very recently had such an experience which I will relate to you. We were in the process of holding a press conference in one of our training centers. It just so happened that two young people, both Black, both women, were visiting the center during their week off, to talk to new students and clients. One of them was asked to relate her experience to the reporters who were gathered there. As is the case when one is asked to say something spontaneously, and she was not anticipating saying anything, what she said was very simple and eloquent. In effect she stated that she had been on welfare, that she had lost faith in herself, she didn't think there was anything worthwhile she wished to do with her life. As a result of the evaluation she had gone through at FEGS, she entered into one of FEGS' Trades Training Programs, major appliance repair. She had not known that women could be trained as major appliance repair persons, for that matter most of the public does not realize the opportunities that exist in non-traditional employment for women. At the conclusion of her short-term training period, she was placed as a major appliance repair person at Sears Roebuck Co. She not only reported that she is earning $240 a week, but she also got a spontaneous round of applause from the reporters gathered when she stated that she had won the Sears Roebuck Co. Repair Person of the Month Award. We believe this is the first time a woman has won this award.

We do not relate this story to try to demonstrate the success of our programs, but rather to try to demonstrate that even a very large community based agency such as FEGS, which last year served over 75,000 different individuals, still works on an individual by individual basis, which is the only way that we can succeed with those who have lost faith and hope and who feel there is no future for them except to take to the street or to lean on public assistance not only for the rest of their lives but unfortunately in many cases for the rest of their children's lives as well.

I want to add another factor that should not be lost. A single private for profit business, no matter how large, evaluates a worker on the basis of that worker's benefit to that company. We have found, however, that a person who cannot make it in one company or one type of industry can make it at another with little intervention by our agency. Sometimes this requires further counseling assistance, sometimes retraining assistance, sometimes knowledge of what they had done wrong in their previous job.

The ability to work with a variety of companies from the largest to the smallest in a variety of industries, creates that much more of a chance of success, even with the most difficult unemployed individual.

We would also urge you to consider providing funding with the caveat that you pay for results and not for process. It is not a question of whether an organization serves 1,000 people and is therefore paid for services to 1,000 people, but rather what are the results of the services to those 1,000 people as predetermined and agreed to by the funding sources as well as the recipient of the funds and what is the cost per unit for these successful outcomes.

Once again, the type of legislation you draft, and the inclusion or exclusion of the voluntary sector, or the relegating the voluntary sector to simply screening and referral rather than the whole range of vocational services including diagnostic vocational evaluation, work adjustment, as well as training, employment counseling, referral, job development and job placement, could make the difference over these most critical next five years as to whether we will have a successful national manpower program or not, as to whether the program will be fair and serve the bottom two-thirds of the triage system as well as the top third, or whether the funds minimal as they are will be allocated, and used solely for the top one-third of those seeking jobs and relegating the bottom two-thirds to fend for themselves. If this happens, rest assured that this nation will pay a high price for increased mental health services, increased breakup of families, increased crime, and eventually a lack of manpower and labor for our industries as a result of a population decline which will become more apparent in the coming decades.

The quality of our future generations, the productivity of our industry, the creativeness of our people depend on what we do now with our education system and our manpower delivery system. Even if some of us send our children and our grandchildren to the best private schools and they obtain the best education, when they leave that school building to enter the streets, they will come in contact with the product of our public education system, with the failures of our manpower and skills training system who, due to frustration and the inability to break out of the poverty cycle, will create for them an environment of fear, crime, anxiety, mugging and other anti-social behavior.

We must therefore be concerned with all of our citizens and not just with the top third of the triage system if our society is to flourish. Part of the responsibility is yours. If you frame this legislation to eliminate effectively the voluntary sector which is the backbone of our society, which has helped America achieve its greatness and on which we depend for our future, you will be creating a manpower system and an education system that is so ridden with failure for most of the people who depend upon it that we will not be able to afford the cost of correcting it in the future. The choice is yours.

Once again, I thank you for allowing me to appear before this Committee and presenting this testimony.

Senator **QUAYLE**. Thank you very much.

Mr. De La Cruz.

Mr. **DE LA CRUZ**. My name is Joe De La Cruz. I am the president of the National Congress of American Indians. I appear before your committees today as spokesman for the broad consensus in Indian country which favors the continuation of special Indian and native American employment and training programs.

The committee has my written statement, and I will try to highlight some of the things that I think are very important.

Other witnesses have spoken of the unemployment rates in the other parts of the country. Right now we are faced with 60 and 70 percent unemployment. The Indian people in the Indian country, more than one out of every two workers, does not have a job today.

With some of the past programs, our people have worked very hard to get the legislation, to recognize that in the United States of America, there still are Indian people.

Indian CETA programs have created new jobs on Indian reservations. Many of them chartered by Indian governments have been expanded by the help of CETA funds. Those businesses include fishing, farming, mining, construction, manufacturing, and retail trade.

The Indian CETA programs have created the capacity to develop more jobs. Tribal development programs have been strengthened. Tribal employment rights efforts have opened up new jobs with construction and other contractors, operating on reservations, and in Native Alaskan villages.

Indian CETA programs have provided training to those with few skills. The skills have ranged from electronic data processing to construction, to fisheries management, to clerical skills, to petrochemical operations.

The Indian CETA programs have provided jobs, and the experience of holding jobs. The Indian CETA programs have given work experiences and work skills to Indian people and Indian youth, where other programs have failed for several years.

One of the key things, I think, that is important as you review and develop new job training legislation is that for the Indian nations, the program that you are looking at, that you stick to some of the principals that we have worked very hard to get within some of the other acts that were passed in the past.

For example, the principle of the Indian Self-Determination Act, which is now included in the language of section 302(a) and (b) of CETA, and is a cornerstone of Federal-Indian policy laid down in Public Law 93-638, the Indian Self-Determination Act.

In short, this means that Indian resources must be given to Indians, and adapted to meet Indian needs. The principle of the Federal trust responsibility to all Indian people, regardless of residence, this includes a funding level available exclusively for Indian programs, guaranteed by a formula in the law: It means direct funding for Indian tribal governments and Native Alaskan groups, and direct funding for Indian and native organizations serving workers in off-reservation areas.

It means national administration for Indian programs, through an Indian office within the Labor Department, with the staff and authority it needs to effectively administer our programs.

The principle of flexibility to adapt Indian programs to Indian conditions. What works in a city with a 6-percent unemployment rate among the non-Indian population simply will not work on an Indian reservation, with a 66-percent unemployment rate. The law must require consultation with Indian grantees, to develop regulations, performance standards, and policies governing eligibility activities, and other aspects of program implementation that make it possible for Indian programs to work in Indian communities.

Your committees are considering several major proposals for a new job training program. Most of these proposals meet the test of these principles.

One, the administration's proposal, fails miserably.

In the Senate, the bill which you have written, Senator Quayle, S. 2036, fits nearly all our needs. We are encouraged to see that it has the support of Senators Hawkins, Kennedy, and Pell, as well. It provides for direct funding of both tribes and off-reservation groups. It provides a funding formula that guarantees Indian and Native American programs a share of training resources equivalent to the share our programs are now receiving under CETA.

It provides for a national administration. It continues the protections written into current law, for the last 8 years. It provides the flexibility to adapt Indian programs to Indian conditions. It could be improved, by adding several features from the bill introduced in the House by Representative Jeffords, H.R. 5461, namely a requirement for consultation with Indian grantees, on both regulations and performance standards, and a requirement that DOL provide appropriate technical assistance to Indian programs.

In the House, the bill which you have introduced, Congressman Hawkins, H.R. 5320, fits most of our needs. It provides for direct funding to serve all Indian workers, no matter where they go to look for work, it provides for national administration, continues the protections written into current law, and provides flexibility in writing both regulations and performance standards.

It should be amended to include the reference to administering Indian programs with "personnel having particular competence" now found in section 302(e) of CETA. The funding formula which guarantees the availability of Indian program funds should be expanded to include an appropriate share of resources under your economic adjustment program in title IV-E. Our communities more than qualify as areas of severe unemployment.

Again, adding the two features of Mr. Jeffords' bill, regarding consultation and technical assistance, would be highly desirable.

The administration bill fails Indian programs on all counts. It has no funding formula, and would not guarantee Indian programs a single cent. It would completely deny services to any Indian worker searching for work in an off-reservation community.

I want to point out——

Senator QUAYLE. Your time is up, sir.

Mr. DE LA CRUZ. I want to point out one thing. Mr. Congressman, when I talk about States and local governments, States and local governments, and the tribal governments are not speaking to one another. They are in court cases, and all the rest. That is why the other legislation tries to protect that.

[The prepared statement of Mr. De La Cruz follows:]

Indian and Native American CETA Coalition

STATEMENT OF MR. JOE DE LA CRUZ
PRESIDENT, NATIONAL CONGRESS OF AMERICAN INDIANS
TO THE EMPLOYMENT SUBCOMMITTEES
SENATE AND HOUSE LABOR COMMITTEES
MARCH 15, 1982

MY NAME IS JOE DE LA CRUZ. I AM THE PRESIDENT OF THE NATIONAL CONGRESS OF AMERICAN INDIANS. I APPEAR BEFORE YOUR COMMITTEES TODAY AS SPOKESMAN FOR THE BROAD CONSENSUS IN INDIAN COUNTRY WHICH FAVORS THE CONTINUATION OF SPECIAL INDIAN AND NATIVE AMERICAN EMPLOYMENT AND TRAINING PROGRAMS.

EMPLOYMENT PROBLEMS ARE A MAJOR CONCERN OF YOUR COMMITTEES. THEY ARE MAJOR CONCERNS OF ALL AMERICANS. THE NATIONAL UNEMPLOYMENT RATE IS NEARLY 9% AND HEADED UP. RATES IN INDIVIDUAL STATES APPROACH OR EXCEED 15%. RATES IN INNER CITIES ARE SEVERAL TIMES THOSE FIGURES. YET, ALL THESE LEVELS LOOK LOW WHEN COMPARED TO THE RATES IN INDIAN COUNTRY.

IN INDIAN COUNTRY, MORE THAN ONE OUT OF EVERY TWO WORKERS DOES NOT HAVE A JOB.

UNEMPLOYMENT RATES ON INDIVIDUAL RESERVATIONS WERE OFFICIALLY MEASURED BY THE BUREAU OF INDIAN AFFAIRS LAST

Information and Coordination Office: 1000 Wisconsin Avenue, Northwest, Washington, D.C. 20007 (202) 338-4804

SPRING, BEFORE GENERAL ECONOMIC CONDITIONS WORSENED AND BEFORE THE ENORMOUS CUTS IN INDIAN PROGRAMS TOOK THEIR TOLL. THE LEVELS ON MANY RESERVATIONS AT THAT TIME WERE 60%, 70% AND EVEN 80%! IN OFF-RESERVATION AREAS, WHERE OVER HALF OF ALL INDIAN PEOPLE LIVE, UNEMPLOYMENT AMONG INDIAN WORKERS HAS BEEN EQUALLY SEVERE.

THE RATES HAVE BECOME EVEN WORSE THAN THEY WERE LAST SPRING. MANY RESERVATION WORKERS ARE MOVING INTO THE CITIES IN SEARCH OF WORK, BUT THEIR LACK OF JOB SENIORITY AND LACK OF TECHNICAL SKILLS COUNT HEAVILY AGAINST THEM. THE RESULT IS MORE DEPENDENCY ON THE RESERVATIONS AND MORE UNEMPLOYED INDIANS IN THE CITIES.

THE MAJOR TOOL WHICH INDIAN COMMUNITIES HAVE HAD TO DEAL WITH THESE STAGGERING EMPLOYMENT PROBLEMS HAVE BEEN THE PROGRAMS AUTHORIZED BY THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT.

INDIAN CETA PROGRAMS HAVE CREATED NEW JOBS. INDIAN BUSINESSES, MANY OF THEM CHARTERED BY TRIBAL GOVERNMENTS, HAVE BEEN STARTED AND EXPANDED WITH THE HELP OF CETA FUNDS. THESE INCLUDE BUSINESSES IN FISHING, FARMING, MINING, CONSTRUCTION, MANUFACTURING AND RETAIL TRADE.

INDIAN CETA PROGRAMS HAVE CREATED THE CAPACITY TO DEVELOP MORE JOBS. TRIBAL DEVELOPMENT PROGRAMS HAVE BEEN STRENGTHENED. TRIBAL EMPLOYMENT RIGHTS EFFORTS HAVE OPENED UP NEW JOBS WITH CONSTRUCTION AND OTHER CONTRACTORS OPERATING ON RESERVATIONS AND IN NATIVE ALASKAN VILLAGES. THIS YEAR, INDIAN TRIBES ASKED FOR $ 70 MILLION IN TITLE VII PRIVATE SECTOR INITIATIVE FUNDS. ONLY $4.2 MILLION IS AVAILABLE FOR FISCAL YEAR 1982 PROJECTS. OFF-RESERVATION INDIAN ORGANIZATIONS HAVE LONG SOUGHT ACCESS TO THESE FUNDS TO HELP OPEN UP NEW JOBS FOR INDIAN WORKERS IN THE CITIES.

INDIAN CETA PROGRAMS HAVE PROVIDED TRAINING TO THOSE WITH FEW SKILLS. THE SKILLS RANGE FROM ELECTRONIC DATA PROCESSING TO CONSTRUCTION TO FISHERIES MANAGEMENT TO CLERICAL SKILLS TO PETROCHEMICAL OPERATIONS.

INDIAN CETA PROGRAMS HAVE PROVIDED JOBS AND THE EXPERIENCE OF HOLDING A JOB. INDIAN WORKERS IN RESERVATION AND OFF-RESERVATION AREAS HAVE ACQUIRED WORK HABITS AND WORK HISTORIES THROUGH JOBS THAT WOULD NOT HAVE EXISTED WITHOUT THE CETA PROGRAM.

INDIAN CETA PROGRAMS HAVE GIVEN WORK EXPERIENCE AND WORK SKILLS TO OUR YOUTH. WORK AND LEARN PROGRAMS FROM THE NORTHWEST TO NORTH CAROLINA INVOLVED YOUTH IN MANY WAYS IN IMPROVING THEIR OWN COMMUNITIES.

MOST IMPORTANT OF ALL, INDIAN CETA PROGRAMS HAVE HELPED TO FULFILL THE TRUST RELATIONSHIP BETWEEN THE

FEDERAL GOVERNMENT AND INDIAN PEOPLE. THEY HAVE DONE THIS BY PROVIDING DEVELOPMENT RESOURCES DIRECTLY TO INDIAN TRIBES, NATIVE ALASKAN ORGANIZATIONS AND OFF-RESERVATION INDIAN AND NATIVE AMERICAN ORGANIZATIONS SO THAT WE CAN DEVELOP OUR OWN COMMUNITIES, CONSISTENT WITH OUR OWN VALUES AND ASPIRATIONS.

INDIAN CETA PROGRAMS HAVE BEEN A SUCCESS. WE ARE PROUD OF WHAT WE HAVE DONE. YET, WE ARE CONSTANTLY PENALIZED FOR THE FAILURES OF NON-INDIAN PROGRAMS. WE ARE TOLD THAT BECAUSE SOMEONE ELSE FAILED, WE MUST TAKE HUGE BUDGET CUTS IN OUR PROGRAMS AND RESTRICT OUR ACTIVITIES IN WAYS THAT HAVE NOTHING TO DO WITH THE PROBLEMS OF INDIAN WORKERS.

WE ASK THAT YOUR COMMITTEES JUDGE INDIAN PROGRAMS ON THE BASIS OF INDIAN NEEDS, INDIAN CONDITIONS AND INDIAN ACCOMPLISHMENTS.

INDIAN PROGRAMS WILL CONTINUE TO BE A SUCCESS IF YOU WRITE A NEW LAW THAT INCLUDES THE ELEMENTS FOR SUCCESS ALREADY BUILT INTO THE INDIAN PROVISIONS OF PRESENT LAW. THESE INCLUDE:

1. THE PRINCIPLE OF INDIAN SELF-DETERMINATION. THIS IS NOW INCLUDED IN THE LANGUAGE OF SEC. 302(A) AND (B) OF CETA AND IS A CORNERSTONE OF

OF FEDERAL-INDIAN POLICY LAID DOWN IN PL 93-638, THE INDIAN SELF-DETERMINATION ACT. IN SHORT, THIS MEANS THAT INDIAN RESOURCES MUST BE GIVEN TO INDIANS AND ADAPTED TO MEET INDIAN NEEDS.

2. THE PRINCIPLE OF THE FEDERAL TRUST RESPONSIBILITY TO ALL INDIAN PEOPLE, REGARDLESS OF RESIDENCE. THIS INCLUDES A FUNDING LEVEL AVAILABLE EXCLUSIVELY FOR INDIAN PROGRAMS GUARANTEED BY A FORMULA IN THE LAW. IT MEANS DIRECT FUNDING FOR INDIAN TRIBAL GOVERNMENTS AND NATIVE ALASKAN GROUPS, AND DIRECT FUNDING FOR INDIAN AND NATIVE AMERICAN ORGANIZATIONS SERVING WORKERS IN OFF-RESERVATION AREAS. IT MEANS NATIONAL ADMINISTRATION FOR INDIAN PROGRAMS THROUGH AN INDIAN OFFICE WITHIN THE LABOR DEPARTMENT WITH THE STAFF AND AUTHORITY IT NEEDS TO EFFECTIVELY ADMINISTER OUR PROGRAMS.

3. THE PRINCIPLE OF FLEXIBILITY TO ADAPT INDIAN PROGRAMS TO INDIAN CONDITIONS. WHAT WORKS IN A CITY WITH A 6% UNEMPLOYMENT RATE AMONG THE NON-INDIAN POPULATION SIMPLY WON'T WORK ON AN INDIAN RESERVATION WITH A 66% UNEMPLOYMENT RATE. THE LAW MUST REQUIRE CONSULTATION WITH INDIAN GRANTEES TO DEVELOP REGULATIONS, PERFORMANCE STANDARDS AND POLICIES GOVERNING ELIGIBILITY,

ACTIVITIES AND OTHER ASPECTS OF PROGRAM IMPLEMENTATION THAT MAKE IT POSSIBLE FOR INDIAN PROGRAMS TO WORK IN INDIAN COMMUNITIES.

YOUR COMMITTEES ARE CONSIDERING SEVERAL MAJOR PROPOSALS FOR A NEW JOB TRAINING PROGRAM. MOST OF THESE PROPOSALS MEET THE TEST OF THESE PRINCIPLES. ONE -- THE ADMINISTRATION'S PROPOSAL -- FAILS MISERABLY.

IN THE SENATE, THE BILL WHICH YOU HAVE WRITTEN, SENATOR QUAYLE, S. 2036, FITS NEARLY ALL OUR NEEDS. WE ARE ENCOURAGED TO SEE THAT IT HAS THE SUPPORT OF SENATORS HAWKINS, KENNEDY AND PELL AS WELL. IT PROVIDES FOR DIRECT FUNDING OF BOTH TRIBES AND OFF-RESERVATION GROUPS. IT PROVIDES A FUNDING FORMULA THAT GUARANTEES INDIAN AND NATIVE AMERICAN PROGRAMS A SHARE OF TRAINING RESOURCES EQUIVALENT TO THE SHARE OUR PROGRAMS ARE NOW RECEIVING UNDER CETA. IT PROVIDES FOR NATIONAL ADMINISTRATION. IT CONTINUES THE PROTECTIONS WRITTEN INTO CURRENT LAW FOR THE LAST EIGHT YEARS. IT PROVIDES THE FLEXIBILITY TO ADAPT INDIAN PROGRAMS TO INDIAN CONDITIONS. IT COULD BE IMPROVED BY ADDING SEVERAL FEATURES FROM THE BILL INTRODUCED IN THE HOUSE BY REP. JEFFORDS, HR 5461, NAMELY A REQUIREMENT FOR CONSULTATION WITH INDIAN GRANTEES ON BOTH REGULATIONS AND PERFORMANCE STANDARDS, AND A REQUIREMENT THAT DOL PROVIDE APPROPRIATE TECHNICAL ASSISTANCE TO INDIAN PROGRAMS.

In the House, the bill which you have introduced, Congressman Hawkins, HR 5320, fits most of our needs. It provides for direct funding to serve all Indian workers no matter where they go to look for work, provides for national administration, continues the protections written into current law and provides flexibility in writing both regulations and performance standards. It should be amended to include the reference to administering Indian programs with "personnel having particular competence" now found in Sec. 302(e) of CETA. The funding formula which guarantees the availability of Indian program funds should be expanded to include an appropriate share of resources under your "Economic Adjustment" program in Title IV-E. Our communities more than qualify as areas of severe unemployment. Again, adding the two features of Mr. Jeffords' bill regarding consultation and technical assistance would be highly desirable.

The Administration bill fails Indian programs on all counts. It has no funding formula and would not guarantee Indian programs a single cent. It would completely deny services to any Indian worker searching for work in an off-reservation community by denying direct funding to Indian organizations operating in off-reservation areas. Indian workers simply don't get served by non-Indian organizations. The Administration bill would also saddle

INDIAN PROGRAMS WITH ALL THE RESTRICTIONS INTENDED FOR NON-INDIAN PROGRAMS, WITHOUT THE SLIGHTEST ANALYSIS ON THE PART OF THE ADMINISTRATION AS TO WHETHER THEY ARE APPROPRIATE. THE INDIAN PROVISIONS OF THE ADMINISTRATION BILL SHOULD BE REJECTED, AND THE INDIAN PROVISIONS OF S. 2036 AND HR 5320 SUPPORTED, WITH THE ADDITION OF THE TWO FEATURES OF HR 5461 I HAVE MENTIONED.

THERE ARE NO COMMUNITIES IN AMERICA MORE DEDICATED TO CREATING PERMANENT JOBS AND TRAINING THE UNEMPLOYED TO FILL THEM THAN INDIAN COMMUNITIES. THE PROGRAMS OF THE PAST HAVE GIVEN US A CHANCE TO START THE JOB. WE ASK SIMPLY THAT YOU WRITE INDIAN PROVISIONS INTO A NEW PROGRAM THAT WILL ENABLE US TO FINISH THE JOB.

Senator QUAYLE. Thank you.

Mr. Egan.

Mr. EGAN. Thank you, Mr. Chairman.

In the past, the American Legion has repeatedly stated that the Comprehensive Employment and Training Act [CETA] was a failure for veterans. Unreasonable age and economic requirements precluded many veterans from participating. Perhaps more importantly, veterans were perceived by prime sponsors as a national rather than local responsibility. For that reason, addressing the employment/training problems of veterans was resisted.

In fairness to CETA, there were plans in 1980 to provide some employment/training assistance under title VI, the targeted technical assistance program [TTA]. Out of a budget of approximately $5.6 million, $1 million was earmarked for grants and contracts to veteran community based organizations [CBO]. Last year, however, title VI of CETA was eliminated because it was generally seen as a make-work program. Today only one of the planned CBO operations is functioning. Forty others died on the drawing boards and two were cut off shortly after getting started.

Apart from the aborted programs for veterans under TTA, we are aware of over 50 community programs nationwide which serve the needs of their veterans. Many of these are sponsored by major veterans organizations, civic groups, churches, and just concerned citizens. We are especially familiar with two of these programs, the disabled veterans outreach program of the American Legion of Maine, and the American Legion sponsored Governor's Outreach Center in North Huntington, Pa. These programs offer a range of services not found elsewhere and currently exist on CETA Governor's discretionary funding. The programs we are most familiar with serve up to 300 veterans per month. They provide counseling, outreach, referral and followup on a variety of veterans' problems ranging from VA benefits to social problems to unemployment difficulties. With the forthcoming termination of CETA funds, these CBO programs, as with the TTA programs, will be hard pressed to find alternative resources.

In whatever national employment/training scheme is adopted to replace CETA, we believe resources ought to be made available for veterans' CBO programs to operate in conjunction with the employment security system and the VA.

Before concluding this statement, it is appropriate to make some remarks concerning legislation introduced this year to replace CETA. Two measures address the problems of veterans to a greater or lesser extent.

Senator Quayle, we applaud your introduction of S. 2037, the Veterans' Employment and Training Act of 1982. That measure would generously authorize $80 million to establish a national network of CBO programs for veterans. If adopted, the concept of outreach programs working cooperatively with existing programs under title 38, United States Code, could be put in place and we expect that it would work very successfully.

The other legislation, also introduced by you, Senator Quayle, is S. 2184, and would establish an employment and training apparatus to completely replace CETA. The American Legion is substantially in support of this larger measure because of the general principles it incorporates. We have just one reservation concerning S. 2184. Section 224 of part B under title II pertaining to veterans does not go far enough. Subsection (a) of section 224 states that, "The Congress finds and declares that serious unemployment among veterans, particularly disabled, Vietnam-era and recently separated veterans, is a national problem and responsibility." Subsections (b) and (c) are simply unequal to the strength of the declaration in subsection (a).

For that reason, we suggest replacing subsections (b) and (c) with language like that included in our written statement beginning on page 9. This small change would make $20 million available to the Assistant Secretary of Labor for veterans employment and would permit the CBO outreach concept we are advocating to be put in place. This small change in S. 2184—though less generous than S. 2037—would make both bills consistent in their respective approaches to veterans' employment and training problems.

The problems we refer to are indicated by statistics showing that over 700,000 Vietnam-era veterans are unemployed. Veterans in the age group of 25 to 29 years have an unemployment rate of nearly 14 percent. The Department of Labor projects that if recent trends continue unabated in the next 12 months, nearly 2½ million Vietnam-era veterans will be unemployed. We believe these figures to be conservative, but nevertheless the problem is clear and we urge your support in promptly addressing this problem. We must insure that those who sacrificed during times of national need are not rewarded by being forgotten in their time of economic need.

Thank you.

[The prepared statement of Mr. Egan follows:]

Statement of

The American Legion

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WASHINGTON, D. C. 20006

by

PAUL S. EGAN, DEPUTY DIRECTOR
NATIONAL LEGISLATIVE COMMISSION

before the

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

and

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
COMMITTEE ON EDUCATION & LABOR
UNITED STATES HOUSE OF REPRESENTATIVES

on

EMPLOYMENT AND TRAINING POLICY

MARCH 15, 1982

Mr. Chairman and Members of this Subcommittee:

The American Legion thanks you for allowing the time to present its views on veterans employment/training initiatives. Pertinent resolutions adopted by the Legion are attached and we request that they be made part of the record.

Recent unemployment statistics show that there are now over 700,000 unemployed Vietnam-era veterans, with veterans in the age group 25-29 years having nearly a 14 percent unemployment rate. Significantly, the rate for non-veteran peers of this age group is approximately 9 percent. Moreover, veterans under 40 years of age have a disproportionately high rate of unemployment.

In that regard, the Department of Labor (DoL) projects that if recent trends continue unabated in the next 12 months, nearly two and one half million Vietnam-era veterans will be unemployed. We believe that even these staggering figures are conservative. Many veterans, particularly disabled and younger veterans, have simply dropped out of the active job seeking arena.

In the past, this organization has repeatedly stated that the Comprehensive Employment and Training Act (CETA) was a failure for veterans. Unreasonable age and economic requirements precluded many veterans from participating. Wages paid under CETA, for those who did participate, were too low to support a veteran and his family. Perhaps more importantly, veterans were perceived by Prime Sponsors as a national rather than local responsibility. For that reason, addressing the employment/training problems of veterans was resisted.

In fairness, CETA did plan in 1980 to provide some employment/ training assistance under Title VI, the Targeted Technical Assistance

(TTA) program. Out of a budget of approximately $5.6 million, one million was ear-marked for grants and contracts to veteran Community Based Organizations (CBO). Last year Title VI of CETA was eliminated because it was seen overall as a "make-work" program. Today, only one CBO in Eugene, Oregon is still operating, 40 others died on the drawing boards and two were cut off shortly after beginning operations.

What remains of programs for veterans today, while having great potential, is not responding well to the employment/training needs of veterans. This is not because the intent of current law is inadequate. A review of Chapter 41 of Title 38, United States Code, is revealing. According to law veterans are entitled to what would appear to be a broad array of employment/training programs and services. Unfortunately, the Department of Labor has failed to effectively carry out the law. Limited DoL resources and stiff competition for those resources from numerous other client groups has meant less for all.

The American Legion does not begrudge the needs and interests of other groups. However, we feel that a veteran's service to his country during times of war is deserving of more than half-hearted attention to the law regardless of the stiffness of competition from other groups.

We acknowledge the value of services for veterans provided by local employment offices. These services cannot be fully duplicated. Nevertheless, we must recognize that these services alone are insufficient. It was for that reason that Congress established the Disabled Veterans Outreach Program (P.L. 96-466). As the name of this program suggests, it was intended that these specialists aggressively pursue community outreach work.

Instead, most of these specialists are based in and are subsumed under the managerial control of local employment offices. Consequently, Disabled Veterans Outreach Program (DVOP) specialists are restricted in their activities to "working the lobby" rather than carrying out their intended outreach responsibilities.

Also contained in Chapter 41 of Title 38, United States Code, is a provision mandating the designation of Local Veterans Employment Representatives (LVER) in local employment offices. Like the DVOP specialists, these representatives were intended to work exclusively with veterans. Also, like the DVOP specialists, LVERs fall under the managerial control of the State Employment Security Agency and are in fact required to handle all cases regardless of veterans status.

Our point here is not to criticize the Employment Security System. We recognize the practical problems of local offices in delegating increasing employment/training responsibilities among limited numbers of available staffers. What we offer instead of criticism is an alternative which we believe will improve the employment prospects of veterans while at the same time fulfilling the intent of law currently on the books.

With the enactment of P.L. 96-466, DoL now has a full Assistant Secretary of Labor for Veterans Employment (ASVE). That position, having been filled by William Plowden, can be expected to bring needed leadership and coordination to veterans employment/training programs as never before--regardless of what shape those programs take. As such, it is suggested that all veterans programs in DoL be subsumed under the ASVEs direct fiscal and operational control.

Under current law, "no more than three fourths of the disabled veterans' outreach program specialists in each State shall be stationed at local employment service offices...". Recognizing the problems encountered by DVOP personnel based in local employment offices, it is advisable to permit greater outstationing of these specialists by granting the ASVE the needed discretionary authority to do so. In that way, more DVOP specialists would be permitted to do the outreach work intended.

Necessarily, this authority presupposes the existence of suitable bases for outstationing purposes. We further suggest that funding be made available to the ASVE for the purpose of letting grants and contracts to local Community Based Organizations capable of establishing employment/training programs for veterans. These operations offer potentially suitable basing locations for DVOP personnel. Other bases of operation could include some of the store-front outreach centers operated by the Veterans Administration. The concept of utilizing CBOs is not new. In fact the aborted Targeted Technical Assistance program, cited previously, employed the same concept, but was never given sufficient opportunity to work.

At the present, we are familiar with over fifty community programs nationwide which serve the needs of their veterans. Many of these programs are sponsored by major veterans organizations, civic groups, churches and just concerned citizens. We are especially familiar with two of these programs: the Disabled Veterans Outreach Program of The American Legion of Maine, and The American Legion sponsored Governor's Veteran Outreach Center in North Huntington, Pennsylvania (one of five in Pennsylvania alone). These programs offer a range of services not found elsewhere. Further, most of these programs exist on Governor's Discretionary funds under CETA and whatever aid they can pick up from their sponsors. The programs we are most familiar with serve up to 300 veterans of all eras per month. They provide counseling, outreach, referral and follow-up on a variety of veterans problems, ranging from VA benefits to social problems to unemployment difficulties. With the forthcoming termination of CETA funds, these programs will be hardpressed to find alternative funding. Even now, one program has filed a federal suit to keep operations in existence.

It has been stated by some that there would be no need for a separate and distinct veterans program, as the Employment Service (ES) is capable of providing such services. By regulations, the ES is to provide eligible veterans with priority in interviewing, counseling, testing, job development and training; priority review of veteran files; two-day referral for mandatory job listing; encourage veterans to register; and, importantly, adjust ES office hours to accommodate veterans. In reality, those services are not given to veterans; veterans are treated like anyone else. Local Veterans Employment Representatives and Disabled Veterans Outreach Program (DVOP) specialists routinely serve non-veterans as well as veterans, and we understand that certain states have appointed non-veterans as DVOP specialists and some states have also terminated all counseling functions. Additionally, many hundreds of Local Veterans Employment Representatives and Disabled Veterans Outreach Program specialists have been fired or laid-off due to ES budget cuts and in anticipation of more cuts. In short, because of the budgetary crisis within the ES System, veterans will not be served in accordance with federal laws and regulations. While we recognize many of the practical problems which have caused this seeming inattention to law, the net effect on veterans is unacceptable and should be corrected.

Therefore, we strongly believe that supplemental veterans programs in the area of employment/training must be established and administered by the office of the Assistant Secretary of Labor for Veterans Employment. Programs where a veteran, especially a Vietnam-era veteran, can be free to discuss particular employment/training needs in a setting that is comfortable and compassionate. Importantly, these programs can, and do, provide very valuable outreach efforts; they reach into a given community and contact those veterans who have become discouraged, bitter or disillusioned. We believe this to be an indispensable service, as studies have shown that the Vietnam-era veteran responds best in a peer setting that is non-bureaucratic. This is evidenced by the success of the VA Outreach Centers. This aspect, outreach and peer counseling, can never be accomplished by the ES system, nor should it be. Many of the younger veterans with whom we have discussed employment/training problems are not job ready and suffer what we term "career confusion"; not knowing what employment goals to follow and confused about how to get there.

We believe that supplemental programs for veterans can do well in the community by cooperating with the VA and the Employment Service. For example, the ES offers job information, testing, labor market information, job analysis, special labor needs assessments and other services. Some of these services would be too sophisticated and costly for veterans CBO programs to perform. Thus a satisfactory and complete employment/training program should be developed between community veterans programs and the ES. Moreover, we perceive these programs to work cooperatively to provide the veteran with the fullest range of employment/training opportunities, with no one program capable of providing all services to all veterans.

In any veterans employment/training initiative we believe in strict program accountability and fiscal control. We do not subscribe to the theory of fast and loose programs. We expect to receive the maximum return on taxpayers' dollars and we believe that a monitoring mechanism is already in place through the Veterans Employment Service with their nationwide network of Regional, State and Assistant State Directors of Veterans Employment. These staffers would directly involve themselves in the design, implementation and monitoring of these programs.

Mr. Chairman, we have seen first hand the success of veterans community programs, as well as the need for such programs. Veterans must be afforded a complete range of employment/training opportunities and services. As veterans unemployment rates escalate beyond all expectations, we, as a nation, can no longer accept the status quo, but rather must make that extra effort. We must ensure that those who sacrificed during times of national need are not forgotten in their time of economic need.

Before concluding this statement it is appropriate to make some remarks concerning legislation introduced last Tuesday at the request of the Administration. That legislation, S. 2184, would replace CETA which is due for reauthorization at the conclusion of this fiscal year.

On the introduction of that measure four basic principles were offered as guiding the development of the new Job Training Act of

1982. Generally speaking, The American Legion is in agreement with these principles.

First, the private sector must be heavily involved in any unemployment training scheme since, indeed, the private sector is where most jobs are to be found. Second, the general principle of increasing the role of state governments while reducing that of the federal government is consistent with the Administration's policy on "new federalism" as well as the premise that states and localities are better equipped than the federal government to adjudge what their respective employment needs are. Third, the principle of concentrating resources on training rather than confusing training with income maintenance, we regard as axiomatic. No matter how many pages of newspaper job listings one may count, the jobs listed there can never be filled until the skills for performing those jobs are learned. Fourth; that training programs should be directed at those who cannot compete in the labor market is self evident in our view. Finally, the principle of fiscal and operational accountability through enforcement of performance standards is long overdue.

On balance, The American Legion is substantially in support of this kind of legislation. In the case of S. 2184 we have just one reservation. Selection 224 of Part B under Title II concerning veterans does not go far enough. Subsection (a) of Section 224 states that, "The Congress finds and declares that serious unemployment among veterans, particularly disabled, Vietnam-era and recently separated veterans is a National problem and responsibility".

As might be expected, we applaud this legislative language as both necessary and appropriate. In that regard, we find subsections (b) and (c) unequal to strength of the declaration made in subsection (a).

For that reason we urge your support for the replacement of subsections (b) and (c) with language similar to the following:

> (b) The Secretary of Labor shall meet the employment and training problems of veterans through grants or contracts to public agencies and private, non-profit organizations, including but not limited to, programs and activities carried out by grantees in other federally funded employment and training programs, as the Secretary determines have an understanding of the problems of veterans, a familiarity with the area to be served, and a capability to administer effectively a comprehensive employment and training program for veterans.
>
> (c) The Secretary shall administer veterans employment and training programs through the Assistant Secretary for Veterans' Employment (ASVE). The ASVE shall encourage recipients of grants or contracts under this section to enter into cooperative arrangements with private industry and business concerns, educational institutions, trade associations, and organized labor in addition to cooperative arrangements with other Federal and State employment and job training agencies to make maximum use of existing programs. Such programs will place emphasis upon the training needs of disabled, Vietnam-era and recently separated veterans.

(d) For the purpose of carrying out this section, the Secretary shall reserve from funds available under Part B of this title an amount equal to but not less than 10 percent of the funds allocated.

(e) Programs funded under this section will include, but are not limited to --

(1) Programs of on-the-job training in which maximum effort will be made to coordinate such programs with benefits authorized under 38 USC 1787,

(2) Employability development programs which coordinate and cooperate with the Veterans Administration's programs of readjustment counseling purusant to 38 USC 612A and veterans assistance offices established pursuant to 38 USC 242.

(3) Job placement programs which coordinate and cooperate with the Department of Labor's Disabled Veterans Outreach Program authorized under 38 USC 2003A.

(4) Programs directed to the unique needs of minority veterans.

(5) Demonstration programs in cooperation with the Department of Defense and the Veterans Administration to provide pre-separation counseling concerning opportunities in the civilian labor market and pre-separation job search assistance for individuals who decline to re-enlist.

As already stated, we agree with the principle of fiscal and operational accountability. For that reason we would also support the inclusion of language under Section 224 of Part B, Title II which approximates that found under Part A, Title II concerning "Secretary's Management Responsibilities".

In conclucion, it pleases us to note,at subsection (b) of Section 111, Part B of Title I,that any state may use up to 10 percent of the funds allocated for the purpose of serving veterans, in-school youth, older workers and others. With this availability of funding we can be hopeful that some of the veterans employment/training programs currently operated under CETA Governor's discretionary funds may continue.

That concludes our statement, Mr. Chairman. We appreciate the opportunity to appear here this morning.

NATIONAL EXECUTIVE COMMITTEE
OF THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
OCTOBER 14-15, 1981

RESOLUTION NO. : 22

COMMITTEE : ECONOMICS

SUBJECT : SEEK ESTABLISHMENT OF SEPARATE VETERANS EMPLOYMENT TRAINING PROGRAM APPROPRIATIONS TO BE ADMINISTERED BY THE VES

WHEREAS, The employment training needs of all veterans, especially Vietnam era veterans and disabled veterans, are substantially diverse from the employment training needs of other groups served by current manpower programs; and

WHEREAS, Programs under the Comprehensive Employment and Training Act have never delivered adequate services to veterans despite federal requirements and guidelines; and

WHEREAS, The current Administration proposes the elimination of CETA in many respects and to substitute manpower programs to be administered by the states predicated on their respective needs; and

WHEREAS, Based on this proposal States and the State ES system have not been historically responsible to the manpower needs of their veterans; and

WHEREAS, Chapter 41 of title 38, United States Code, provides that the VES, among other things, is to design and implement veterans employment training programs; and

WHEREAS, Congress has never appropriated funds for the VES to specifically address the severe problem of veterans unemployment and underemployment; and

WHEREAS, This inability to actively and decisively affect veterans employment training has caused the VES to assume a passive and secondary role; and

WHEREAS, The appropriation of separate funds for the VES to design, implement and monitor veterans; employment programs would have a profound positive effect on underemployed and unemployed veterans; now therefore be it

RESOLVED, By The National Executive Committee of The American Legion in regular meeting assembled in Indianapolis, Indiana, on October 14-15, 1981, that The American Legion seek to have Congress appropriate funds specially earmarked for the use of the VES to design, implement and monitor manpower training programs to meet the unemployment and underemployment needs of veterans.

SIXTY-THIRD ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 29-SEPTEMBER 3, 1981
HONOLULU, HAWAII

RESOLUTION NO. : 111

COMMITTEE : ECONOMICS

SUBJECT : REQUEST THE UNITED STATES CONGRESS TO DESIGNATE A SPECIAL SUBCOMMITTEE TO STUDY THE EMPLOYMENT AND TRAINING NEEDS OF VETERANS

WHEREAS, Younger veterans of the Vietnam era and disabled veterans of all eras suffer employment/training problems greater than those of their non-veteran counterparts; and

WHEREAS, There is currently a growing demand for employment/training programs by older veterans; and

WHEREAS, The Congress of the United States has enacted laws providing employment/training programs to veterans either directly or indirectly; and

WHEREAS, Many of these programs are the responsibility of the Department of Labor which has not, in any meaningful and substantive manner, addressed the employment/training problems of veterans; and

WHEREAS, Congress, from time to time, designates a Special Subcommittee to review severe problems of a particular constituency; and

WHEREAS, The employment and training problems of veterans are, in fact, significant enough to warrant Congressional investigation; now therefore be it

RESOLVED, By The American Legion in National Convention assembled in Honolulu, Hawaii, September 1, 2, 3, 1981, that Congress be urged to designate a Special subcommittee to explore veterans employment/training problems.

SIXTY-THIRD ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 29-SEPTEMBER 3, 1981
HONOLULU, HAWAII

RESOLUTION NO. : 278

COMMITTEE : ECONOMICS

SUBJECT : AMERICAN LEGION ACTIVITY TO ENSURE AT STATE/LOCAL LEVELS MAXIMUM PARTICIPATION OF VETERANS IN FEDERAL FUNDED MANPOWER PROGRAMS

WHEREAS, The future status of the Comprehensive Employment and Training Act (CETA) under PL 9-203 is in doubt as the Department of Labor is planning for the consolidation, realignment or elimination of many programs under CETA; and

WHEREAS, This readjustment will have a severe effect on veterans' employment/training programs; and

WHEREAS, Under the CETA concept, veterans, especially Vietnam era veterans, were at no time a viable part of CETA; and

WHEREAS, The Administration proposes a return to the Block Grant system, wherein federal monies will be utilized by the states in best deciding employment/training programs based on state/local needs; and

WHEREAS, A Block Grant system will better address the employment/training needs of all veterans; and

WHEREAS, Respective state governors will be vested with the authority on how best to utilize these federal funds; now therefore be it

RESOLVED, By The American Legion in National Convention assembled in Honolulu, Hawaii, September 1, 2, 3, 1981, that The American Legion call upon all department officers, post officers, and individual members of The American Legion to contact their respective state governors indicating that any state employment and training programs utilizing federal funds must include special programs for veterans employment and training.

SIXTY-THIRD ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 29-SEPTEMBER 3, 1981
HONOLULU, HAWAII

RESOLUTION NO. : 302

COMMITTEE : ECONOMICS

SUBJECT : OPPOSE ANY CHANGES IN THE WAGNER-PEYSER ACT HAVING AN ADVERSE EFFECT ON VETERANS

WHEREAS, The Congress, in the passage of the Wagner-Peyser Act of 1933, provided, in part, for the creation of the United States Employment Service; and

WHEREAS, Employment programs authorized by the Act directly benefit veterans; and

WHEREAS, Present budgetary reductions of these programs will have a profound detrimental effect on the employment of veterans; and

WHEREAS, These budgetary reductions will cause untold harm to the State employment security agencies as regard staffing, placement and programs; and

WHEREAS, The State employment security agencies are already under a 30,000 personnel ceiling since 1966 in a labor market which has expanded its demand for services over 30 percent; now therefore be it

RESOLVED, By The American Legion in National Convention assembled in Honolulu, Hawaii, September 1, 2, 3, 1981, that The American Legion oppose any changes in the Wagner-Peyser Act as regard to programs that benefit veterans; and be it further

RESOLVED, That The American Legion urge full funding of all United States Employment Service programs.

SIXTY-THIRD ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 29-SEPTEMBER 3, 1981
HONOLULU, HAWAII

RESOLUTION NO. : 346

COMMITTEE : ECONOMICS

SUBJECT : PREFERENCE AND SPECIAL CONSIDERATION FOR VETERANS IN ALL BLOCK GRANT MANPOWER PROGRAMS FUNDED BY THE FEDERAL GOVERNMENT

WHEREAS, The Administration proposes the elimination of present federally funded employment and training programs; and

WHEREAS, The Administration proposes categorical block grants to states which will enable the states to design and implement their own programs based on state needs; and

WHEREAS, Veterans have never been a viable part of previously funded employment/training programs under the Comprehensive Employment and Training Act; and

WHEREAS, Veterans, especially Vietnam era veterans, suffer a higher unemployment rate than their nonveteran counterparts; now therefore be it

RESOLVED, By The American Legion in National Convention assembled in Honolulu, Hawaii, September 1, 2, 3, 1981, that both the Congress and the Administration be petitioned to ensure that veterans are made a substantive and meaningful part of any future federally funded manpower programs.

SIXTY-THIRD ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 29-SEPTEMBER 3, 1981
HONOLULU, HAWAII

RESOLUTION NO. : 468

COMMITTEE : ECONOMICS

SUBJECT : SUPPORT LEGISLATION FOR FLEXIBLE PLACEMENT FOR DISABLED VETERANS OUTREACH PROGRAM

WHEREAS, The Disabled Veterans Outreach Program (DVOP) is mandated by statute, under 38 USC 2003A, with approximately 2,000 nationwide staffers; and

WHEREAS, The requirements of Section 2003A(b)(2) provide that"no more than three-fourth of the DVOP specialists in each State shall be stationed at local employment offices in such State"; and

WHEREAS, The proposed budget cuts to the State employment security agencies may necessitate the curtailment of many local Job Service offices; and

WHEREAS, Such Job Service office curtailments will have a negative impact on the effective placement of DVOP staffers and will further hinder the implementation of the program; and

WHEREAS, The Assistant Secretary of Labor for Veterans Employment should, when warranted, be given the managerial flexibility to place DVOP staffers in offices other than local Job Service offices that would maximize their effectiveness and efficiency; now therefore be it

RESOLVED, By The American Legion in National Convention assembled in Honolulu, Hawaii, September 1, 2, 3, 1981, that The American Legion seek to amend the law (38 USC 2003A(b) (2)) that requires that three-fourth of all staff under the Disabled Veterans Outreach Program be placed in local state employment security agency offices and, instead, provide the Assistant Secretary of Labor for Veterans Employment with authority to place DVOP staff, when warranted for the greatest efficiency, at any time, and in any number, in offices other than local state employment security agency offices.

SIXTY-THIRD ANNUAL NATIONAL CONVENTION
OF
THE AMERICAN LEGION
AUGUST 29-SEPTEMBER 3, 1981
HONOLULU, HAWAII

RESOLUTION NO. : 517

COMMITTEE : ECONOMICS

SUBJECT : REQUIRE THE DEPARTMENT OF LABOR TO PROVIDE THE OFFICE OF ASSISTANT SECRETARY OF VETERANS EMPLOYMENT WITH SEPARATE LINE ITEM BUDGETS FOR ADMINISTRATION AND VETERANS PROGRAMS

WHEREAS, PL 96-466 elevated the Deputy Assistant Secretary of Labor for Veterans Employment position to a full Assistant Secretary for Veterans Employment and statutorily mandated the Disabled Veterans Outreach Program with administrative responsibility to the ASVE; and

WHEREAS, PL 96-466 can only be properly carried out by realigning the currently fragmented veterans programs within the Department of Labor under the ASVE; and

WHEREAS, The ASVE must administer veterans programs, but will have no control or influence over budgets for these programs since budget items for these employment programs for veterans must remain with the parent program component; now therefore be it

RESOLVED, By The American Legion, in National Convention assembled in Honolulu, Hawaii, September 1, 2, 3, 1981, that The American Legion require the Department of Labor to provide the office of the Assistant Secretary of Labor for Veterans Employment with separate and distinct line item budget for the administration of veterans programs; and be it further

RESOLVED, Seek to have all veterans programs within the Department of Labor aligned under the office of the Assistant Secretary for Veterans Employment.

Senator QUAYLE. Thank you very much.

I want to thank each and every one of you for your fine testimony. It is difficult to draw the line on national programs and set-asides. It was difficult when we arrived at the final legislation.

I will just say that anyone who falls into the category of economic disadvantaged, is, in fact, covered by bipartisan legislation put forth, and there is a 10-percent lee-way in the service delivery area for those who face other barriers to employment yet not economically disadvantaged. I would just say I would like to accommodate everybody's requests. It has been very straightforward, and we will certainly consider it during our deliberations. You all make fine points and I will tell you right up front that it is difficult when you get around to doing, to determine which particular group is going to have a preference or set-aside or national program. It has not been easy for anybody to make that determination, particularly with all of the sensitivities that go into each one.

You represent fine organizations dedicated to improving the human resources and capabilities of those individuals that you serve, and I believe that, as we move forth, that is going to be the paramount philosophy of the legislation that will emerge from the Congress.

Mr. Hawkins.

Representative HAWKINS. Mr. Chairman, I concur in your remarks.

Senator QUAYLE. Mr. Weiss.

Representative WEISS. Thank you, Mr. Chairman. I have no questions.

Senator QUAYLE. Mr. Corrada.

Representative CORRADA. I just want to commend the witnesses for bringing to our attention very important matters. You have been of great help to us. It is excellent.

Senator QUAYLE. Mr. Jeffords.

Representative JEFFORDS. Just a couple of comments.

First of all, with respect to those representing the people concerned with handicapped. There are provisions in my bill relative to trying to remove barriers to employment on paqe 101, lines 4 and 5. Also we have the President's bill language, placing handicapped participants in a little window with a big view.

Mr. Miller, I appreciate your comments on the potential for creaming and that does concern me. And it is well taken. I appreciate all the testimony. Very well done.

Senator QUAYLE. The committee will stand in recess until the hour of 2 o'clock when we will take up the rest of the panels.

[Whereupon, at 12:58 p.m., the subcommittees recessed, to reconvene at 2 p.m., the same day.]

AFTERNOON SESSION

Senator QUAYLE. The committee will come to order.

We are now in the afternoon session, and we have Mr. Gardner, Mr. Snelling, and Mr. Weber.

Welcome, gentlemen, and the first person on my list is Mr. Gardner.

STATEMENT OF BARCLAY GARDNER, PRESIDENT-ELECT, ICESA, AND ADMINISTRATOR, UTAH DEPARTMENT OF EMPLOYMENT SECURITY

Mr. **Gardner**. Senator Quayle, Mr. Hawkins, and members of both subcommittees, it is a pleasure to appear before you today to discuss reviews of the Interstate Conference of Employment Security Agencies.

My name is Barclay Gardner. I am president-elect of the interstate conference and administrator of the Utah Department of Employment Security.

As you know, the interstate conference is the national organization which represents the State employment security agencies from all 50 States, the Virgin Islands, and Puerto Rico and the District of Columbia.

We of the Interstate Conference of Employment Security Agencies applaud the House Subcommittee on Employment Opportunities, and the Senate Subcommittee on Employment and Productivity for taking a leading role in maximizing this opportunity by allowing a full debate of these important issues.

I'd like to address several of the basic issues of particular concern to our membership. Our positions are based on the policies which have been adopted by the majority of our members.

The United States needs a coherent, national human investment and development policy which recognizes naturally occurring requirements for workers and skills in the economy. Such a policy must emphasize those activities which lead to gainful employment in productive and sustaining occupations for all individuals desiring and able to work.

The national policy should identify the requirements for skills and workers in the larger economy and define the broad goals of the Nation's employment and training system.

All levels of government have an important role to play in meeting the requirements of a national human investment policy. The interstate conference urges that serious consideration be given to providing a sense of common direction for all the participants in the employment and training system.

It is our recommendation that general, annual goals for employment and training become part of the planning process which occurs nationally, at the State level, and in the local areas.

It is particularly important at this time in our view to optimize the existing expertise in training and employment functions. We urge the subcommittees to make use of the successfully established structures to the largest extent possible while rationalizing the division of labor between the structures.

By combining the concepts of consortia of local governments in labor market areas and joint planning mechanisms, the interstate conference is convinced the employment and training system can respond successfully, while continuing to function effectively as the modifications are implemented.

It is our belief that the employment security system embracing both the unemployment insurance and basic labor exchange, is essential to the well-being of our Nation and the economy.

The discontinuance of the integrated employment security system, as suggested in some legislation, will add unnecessary costs and create entirely new problems.

The employment security system, with its nationwide network of local offices, has the experienced staff to provide intake, assessment, job development, job finding skill training, job search assistance, referral, and placement services to the newly trained, skilled worker or new entrants into the labor market who are seeking assistance.

We continue to believe that the public employment service is the logical organization to deliver these services in partnership with the training community.

The employment security system, furthermore, represents a major capital investment built over the last 49 years.

The employment security system stands ready and willing to offer those services it does best, including operating the labor exchange, participating in the Federal-State, cooperative labor market information statistical programs and in administering the unemployment insurance system.

The interstate conference supports the utilization of joint planning between the employment security and training systems, with planning beginning at the local level and being coordinated at the State level.

The interstate conference is pleased to support many of the provisions contained in H.R. 5320.

This bill recognizes and maintains integrity of the employment security system, clarifies its mission and offers a rational division of labor for the public employment service and the employment and training system.

ICESA also supports the incentives for creating consortia of local governments to better serve whole labor markets. The interstate conference also supports the continuation of the work incentive [WIN] program's adequate funding level. The inclusion of services to veterans, handicapped persons and others with limited employability advanced by both H.R. 5320, and H.R. 5461 is consistent with our recommendation that all persons with significant barriers to employment or re-employment be served by one comprehensive system.

The interstate conference believes that the comprehensive system should also serve the displaced worker. Therefore, we would encourage that the best of the provisions contained in S. 2036, H.R. 5320 and H.R 5461 be worked together to provide services to this very important group of workers.

We appreciate this opportunity to share our views with you and will be glad to respond to any questions that you might have for us.

[The prepared statement of Mr. Gardner follows:]

STATEMENT BY

BARCLAY GARDNER
ADMINISTRATOR
UTAH DEPARTMENT OF EMPLOYMENT SECURITY

AND

PRESIDENT-ELECT
INTERSTATE CONFERENCE OF EMPLOYMENT
SECURITY AGENCIES, INC.

AT THE

JOINT HEARINGS OF THE

HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

AND THE

SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

March 15, 1982

It is a time of great opportunity for the nation to review the current employment and training system utilized by our federal, state and local governments. We of the Interstate Conference of Employment Security Agencies (ICESA) applaud the House Subcommittee on Employment Opportunities and the Senate Subcommittee on Employment and Productivity for taking a leading role in maximizing this opportunity by allowing a full debate of these important issues. The legislative proposals currently before this joint hearing offer a wide variety of ideas and strategies which can lead to a national employment and training policy framework.

The Interstate Conference is the national organization which represents the state employment security agencies from all fifty states, the Virgin Islands, and Puerto Rico and the District of Columbia. Our members are charged with the administration of the federal/state unemployment insurance and public employment service, as well as the cooperative labor market information programs, an important product of the employment security system. Many state employment security agencies also serve as balance of state prime sponsors or directly assist Governors in the operation of balance of state CETA programs. At the local level, with our system of local offices, there are endless varieties of relationships between local employment security offices, CETA prime sponsor agencies, and other employment related entities.

The Interstate Conference is dedicated to the proper and efficient administration of the programs we operate and consistently have supported sorting out the responsibilities in the employment and training system. In the testimony to follow, we would like to address several of the basic issues of particular concern to our membership. Our positions are based on the policies which have been adopted by a majority of our members. We are pleased that some of our members will share their views with you during these hearings and can therefore give you additional insights regarding the wide variety of methods available in the states and jurisdictions for improving and implementing employment and training strategies.

We look to both Subcommittees, with their traditions of forging strong legislative proposals embracing the best ideas from all interested parties, to bring forth a policy position regarding the employment and training system. We look forward to the productive discussions on these issues during the months ahead.

The Need for a National Policy

In the future, the United States needs a coherent, national human ivestment and development policy which recognizes the naturally occuring requirements for workers and skills in the economy. Such a policy must emphasize those activities which lead to participant employment in productive and sustaining occupations. The Interstate Conference is committed to the concept that the development of such a human investment policy for the nation is crucial to improving the current economic climate and to securing long-term economic growth and productivity. The national policy should identify the requirements for skills and workers in the larger economy and define the broad goals of the nation's employment and training system.

All levels of government have an important role to play in meeting the requirements of a national human investment policy. The Interstate Conference urges that serious consideration be given to providing a sense of common direction for all the participants in the employment and training system. It is our recommendation that general, annual goals for employment and training become part of the planning process which occurs nationally, at the state level and in the local areas.

It is particularly important at this time, in our view, to optimize the existing expertise in training and employment functions. Therefore, the Interstate Conference suggests that the states be given every opportunity to utilize those existing structures which have performed well in the past. These structures can work together to deliver the employment and training related services contemplated in the various bills. For example, there is a wealth of knowledge and experience in the current CETA system which should not be overlooked in the new employment and training designs being considered here. In the same fashion, there is significant experience in the employment security system regarding labor exchange functions which should be tapped in redesigning the delivery of employment and training services. Other types of institutional experience which should be brought to bear on the reconfiguration of the employment and training system include that of vocational education agencies and agencies operating Work Incentive Programs.

We urge the Subcommittees to make use of the successfully established structures to the largest extent possible while rationalizing the division of labor between these structures. By combining the concepts of consortia of local governments in labor market areas and joint planning mechanisms, the Interstate Conference is convinced the employment and training system can respond successfully, while continuing to function effectively as the modifications are implemented. Furthermore, ICESA recommends that states be given a strong oversight role in coordinating the efforts of local planning bodies and all program deliverers in order to avoid some of the historical problems of duplication and overlap.

A Division of Labor for Delivery of Services

The Interstate Conference has long believed that there should be a clear division of labor between the training system and labor exchange system. One of the serious weaknesses in the current array of employment and training programs is the lack of continuity in participant selection and assessment processes. Because of the coordination problems between the many organizations who have been involved in this process in the past, many persons who really needed nothing more than low-cost direct referral to existing job vacancies have been placed in high cost employability development programs. Conversely, many persons who were not immediately employable have been exposed to only direct job referrals. In our view, a clear division of labor will solve this problem.

The employment security system, with its nationwide network of local offices, has the experienced staff to provide intake, assessment, job development, job finding skill training, job search assistance, referrals and placement services to the newly trained, the skilled worker or new entrants to the labor market who are seeking assistance. We continue to believe that the public employment service is the logical organization to deliver these services in partnership with the training community. The employment security system, furthermore, represents a major capital investment built over the last forty-nine years.

It is our firm belief that the employment security system, embracing both the unemployment insurance system and the basic labor exchange, is essential to the well-being of our nation and the economy. The discontinuance of the integrated employment security system, as suggested in some legislation, will add unnecessary costs and create entirely new problems. For example, separating the unemployment insurance program from the employment service job placement program will raise unemployment insurance administrative costs and weaken the unemployment insurance work test capability. Increased trust fund outlays, due to reduced job placement efforts for unemployment insurance claimants, would also occur. These effects combine to increase overall program costs, and since workers would remain unproductive for longer periods, the gross national product would be decreased.

The employment security system stands ready and willing to offer those services it does best, including operating the labor exchange, participating in the federal-state, cooperative LMI statistical programs and administering the unemployment insurance system. The Interstate Conference supports the utilization of joint planning between the employment security and training systems, with planning beginning at the local level and being coordinated at the state level. By clarifying the roles between these two major programs, the best interests of participants and the nation will be served.

Organizing the Delivery Systems

To be most successful, the labor exchange must serve all applicants and all employers, in all labor market areas. Without the capacity to serve the entire labor force, the processes of human capital utilization and development will occur in a piecemeal fashion with the risk that many skilled workers and potential workers will be denied access to these services. A universally available intake, assessment and placement service provided through the employment security system can ensure maximum service availability in the development and utilization of human capital resources throughout the nation.

The logical unit of government to design and implement federally authorized employment and training programs is the state with assistance from local governments and advisory bodies. By creating a system which provides maximum flexibility to states in determining the most cost effective use of resources, maximum benefits can be achieved. Government aid to any group of able-bodied working age individuals should be given only on a temporary basis and should be accompanied by a strong public job placement effort to assist those persons to become economically independent and occupationally self-sufficient. Each state should be allowed to adapt those programs which are suited to the requirements of the employers in the state and which match the needs of the local labor force.

The Interstate Conference believes that the most effective way to serve individuals and communities within the employment and training system is to organize it on the basis of recognized labor market areas. Labor market areas do not recognize boundaries such as political jurisdictions or even state lines. Individuals, however, will generally look for employment assistance and opportunities first within their community and the labor market in which they are accustomed to working; but then, often beyond these areas, if compelled to do so.

Considering this, the Interstate Conference recommends that careful consideration be given to crafting this legislation to define substate areas in terms of naturally occuring labor market areas. In refining the methods for dividing up states into substate areas, ICESA encourages that emphasis be given to allowing for the creation of substate areas which integrate whole labor markets. Furthermore, we believe it is particularly important to avoid multiple or overlapping substate areas, especially in the larger, urban labor markets.

Funding, Allocation and Administrative Issues

The employment security system is financed primarily from a dedicated source of revenue, authorized by the Federal Unemployment Tax Act (FUTA).

The majority of these tax revenues are pooled nationally and distributed to the states for purposes of administering the public employment service, the unemployment insurance program and the basic labor market information program. The Interstate Conference maintains that the basic financing philosophy for the employment security system is sound and that all efforts to remove non-labor related activities from the employment security system should be supported. The Interstate Conference further supports the provision of general revenue resources to finance the costs of any tasks assigned to the employment security system which are not directly related to the basic missions of unemployment insurance and labor market exchange activities.

It has long been the belief of the Interstate Conference that the employment security system should serve directly those workers who become unemployed and those job applicants who are job ready. These persons can benefit directly from unemployment insurance assistance, basic labor market information and direct job referral services. Individuals who are not job ready and who have no attachment to the labor force should have their needs assessed and then be referred to the appropriate training and education providers who can assist them to become job ready. The Interstate Conference strongly urges that the employment security system continue to serve the job ready and labor market attached workers and that these services continue to be FUTA financed. Services to non-job ready participants should be provided through the employment and training system and this system should be general revenue financed.

The need for stable, forward funding of employment and training programs has been recognized by most persons involved in the current system. The Interstate Conference encourages the development of stable funding practices for both the training and employment security systems. The development of a needs-based formula is sound, however, it should be modified by providing performance rewards. Any new allocation formula should be phased in over a period of time to avoid disruptions caused by major shifts in resources.

The development of performance standards for employment and training programs, as well as the labor exchange programs, should occur only in consultation with the states. The states have a wealth of experience with reasonable and rational performance measures which should be considered in developing national performance standards. Additionally, ICESA recommends that some consideration be given to recognizing performance which is an improvement over the state's individual past performance, as well as performance of the states as compared to each other. By considering both types of performance improvements, a state might achieve, each and every state is encouraged to strive for better performance each year.

To the greatest degree possible, ICESA encourages that the fiscal auditing systems defined in legislation utilize unified, single audits of training or employment security programs. The possibility of multiple audits and investigations in each fiscal year does not assist in efficient and cost-effective management.

Last, the importance of unified reporting of information to the national level has long been recognized as essential to the prudent operation of these systems. However, ICESA would strongly urge that all reporting requirements be defined solely in terms of outputs and formats without any requirements as to the process by which reports are generated. Our long experience with required reporting procedures, such as the Employment Security Automated Report System (ESARS), is a perfect example of the unnecessary expense that can accrue when reporting systems are specified at the federal level. We strongly support the greatest possible use of automated systems to develop labor market information, management information and to generate the report data required by the Secretary of Labor. Automation techniques currently available in most states will allow states to generate, through their own software capabilities, all reporting information needed.

Conclusion

Taking into consideration the positions presented above, the Interstate Conference is pleased to support many of the provisions contained in H.R. 5320. This bill recognizes and maintains the integrity of the employment security system, clarifies its mission and offers a rational division of labor for the public employment service and the employment and training system. ICESA also supports the incentives for creating consortia of local governments to better serve whole labor markets. Last, the Interstate Conference supports the continuation of the Work Incentive Program at an adequate funding level.

Similarly, ICESA finds the joint planning incentives very attractive and would urge that joint planning be encouraged to the maximum possible extent. The overall coordination of services and the division of labor which we support will be best served by joint planning among the various partners in the labor market areas.

The Interstate Conference generally supports the role of states in overseeing and coordinating both state and local resources espoused in H.R. 5641 and in the Administration's draft proposal. We also favor the maximization of local flexibility in the mix of training resources to best meet the needs of the local communities.

The inclusion of services to veterans, handicapped persons and others with limited employability advanced by both H.R. 5320 and H.R. 5461 is consistent with our recommendation that all persons with significant barriers to employment or reemployment be served by one, comprehensive system. We also urge that states and local deliverers be given sufficient flexibility to admit a percentage of individuals to training who may not meet the definitions of major target groups but who have special problems and can benefit from the programs available.

The Interstate Conference believes that the comprehensive system should also serve the displaced worker. Therefore, we would encourage that the best of the provisions contained in S. 2036, H.R. 5320 and H.R. 5461 be worked together to provide services to this very important group of workers.

The state employment security administrators stand willing to accept the responsibilities of the partnership role we have described here today. We urge the Subcommittees to seriously consider the importance of maintaining the integrity of the employment security system at this critical time in our nation's economic history, but allow it to become a full partner in the employment and training process. A clear division of responsibilities between the employment security system and training system offers the nation the best use of its existing, experienced and in-place systems, while avoiding the high costs of building an entirely new, expensive and untested mechanism.

In closing, the Interstate Conference wishes to recognize the multiple opportunities we were provided to review these proposals as they were developed. This type of cooperation and exchange of ideas is central to developing sound national policy. We thank both the Department of Labor and all the congressional staff members who have encouraged these discussions.

ORRIN G. HATCH, UTAH, CHAIRMAN

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United States Senate
COMMITTEE ON LABOR AND
HUMAN RESOURCES
WASHINGTON, D.C. 20510

March 18, 1982

Mr. A. Barclay Gardner
Administrator
Utah Department of Employment
 Security
P.O. Box 11249
Salt Lake City, Utah 84147

Dear Barclay,

Just a note to thank you again for taking the time to appear and present testimony before the joint hearings of the Senate Subcommittee on Employment and Productivity and the House Subcommittee on Employment Opportunities. I am sorry that I was not able to be present on Monday, but I want you to know that I plan to review all of the statements very carefully.

To help me get a better idea of your position on the Wagner-Peyser Amendments which have been proposed in S. 2036, I would like to request that you answer the enclosed question for the record.

Again, thank you for your generous help to all of us in putting together a good, workable piece of employment and training legislation. Your views both as President-Elect of ICESA and as Administrator of the Utah Department of Employment Security are most valuable.

Warmest personal regards,

Orrin G. Hatch
Chairman

QUESTION FOR MR. BARCLAY GARDNER

Please comment specifically on the provisions of Title IV of S. 2036. What do you feel will be the effect, positive or negative, of including employment service planning with the overall design and planning functions of the service delivery area private industry councils?

What changes, if any, would you recommend in these provisions?

30:ABG

JOB SERVICE
Utah Department
of Employment Security

A DIVISION OF THE INDUSTRIAL COMMISSION OF UTAH

[illegible]
Governor

J. Barclay Gardner
Administrator

[illegible]
Chairman

Stephen [illegible]
Commissioner

Milton E. [illegible]
Commissioner

March 31, 1982

The Honorable Orrin G. Hatch
United States Senate
125 Russell
Senate Office Building
Washington, D.C. 20510

Dear Senator Hatch:

Thank you for your letter of March 18, 1982 asking for my specific comments on Title IV of S. 2036, the "Training for Jobs Act." I spent some time last week working with Garth Mangum and Kris Iverson reviewing this bill. At that time I suggested some wording modifications in several parts of Title IV which relate to changes to the Wagner-Peyser Act. My suggested changes relate to the flow of funds for Employment Office operations, to defined planning relationships, and to job opening advertising. For the most part, I felt my suggestions were well received by the staff who are working on this legislation. The attached copy of Title IV shows in blue the suggested wording changes which were accepted by the staff. I have summarized my general feelings about the provisions of Title IV of S. 2036 below. I also wish to share with you some other concerns about this Title. I feel that the funds that are appropriated to support the provisions of this title (as well as all titles of the Act) should flow from the Secretary to the Governor or legislatively designated state agency and then be distributed within the state as appropriate. I believe that the Secretary is better able to deal with 50 to 54 "state" entities than with 400 to 500 "local" entities. Accountability for proper program development and proper use of funds can also be most effectively assigned at the state level. In turn, each state could work with as many "local service delivery areas" as needed.

I feel that the "Public Employment Offices" described in this Title should continue to be a part of the State Employment Security system rather than being placed under the direct control of "local service delivery areas." I strongly support combined local program planning for both the training and Public Employment Service functions. (In fact, I pledge that the Utah Department of Employment Security would bend over backwards to see that local Employment Service operations would be planned and operated in conjunction with local service delivery areas.) I also support strong involvement of private employers in these programs. Taking the "Public Employment Offices" out of the Employment Security System as this bill is suggesting could result in several serious problems.

One serious problem could be the closing of many Employment Service and Unemployment Insurance Offices. About eighty-six percent of the Public Employment Offices in the United States are jointly funded by the Employment Service and the Unemployment Insurance programs. If half of the funding were to be removed from this system, as it could be under this title, many offices throughout the country (at least half in Utah) would be forced to close. This would result in a situation very similar to what occurred after the December 1981 cut in the Employment Security budget. It could be argued that the "local service delivery areas" would have the option to contract with the Unemployment Insurance program to keep the offices open, but if this occurs, why remove the Employment Service funding in the first place?

A second problem is the impact that placing the Public Employment Offices fully under "local" control would have on continuity of job placement services. The Public Employment Office's job placement effort could be sent in as many different directions as there are local service delivery areas. Labor markets have local characteristics, regional characteristics within states, statewide characteristics, regional characteristics between states, and national characteristics. The Public Employment Office, to be most effective, must have the same local, state and interstate operational characteristics and have communication channels which follow the same lines. The Employment service program must also remain closely tied to the Unemployment Insurance program. Individuals drawing Unemployment Insurance benefits need job placement help; some also need to be "tested" to see if they really want work or just "jobless" benefits. Unemployment Insurance programs are state programs; the Employment Service needs to remain a state program as well.

In addition, the Labor Market Information program, which is an important part of the State/Federal Employment Security system, receives a major part of its information as a byproduct of Employment Service/Unemployment Insurance operations. Because of this, the cost of this information is the lowest of any labor market information segment obtained by any system, and it is among the most reliable. Labor market information is vital to the successful operation of our free enterprise system from an economic standpoint as well as a human resource development perspective. Separating the Employment Service from the Unemployment Insurance system would jeopardize this very important segment of the nation's overall Labor Market Information program. An alternative information gathering system as good as this would be much more costly, and the continuity of quality data from area to area and state to state could not be duplicated at any cost.

Those who have written this "Training for Jobs Act" have expressed a concern about the local planning that goes into the Employment and Training program. They feel that close cooperation must take place at the local level between all parties involved in this effort. I share that concern, but I am also concerned that the present language is not clear as to intent but seems to indicate a controlling role for the Private Industry Council over local Employment Service planning. I suggest the local Employment Service planning be done "in conjunction with" the Local Private Industry Council. One organization having control over the planning of another violates a primary management principle which is "responsibility and authority must go together." In this case it would not. I believe close planning relationships must exist in the local areas but one organization should not be able to hold another "hostage."

I have suggested a wording change with respect to this as well as three other minor changes. These are shown in red in the attached copy of Title IV. These suggested changes and the ones incorporated earlier take into account the feelings of the Employment Security Administration nationwide and I believe they are in line with other state views as well. I feel that these changes will strengthen the potential for success of this legislation. I appreciate the opportunity you have given me to comment on the legislation. If I can be of further assistance please let me know.

Sincerely,

Administrator

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Enclosures

cc: Governor Matheson
Walter Axelgard, Industrial Commission
Garth Mangum
Bill Heartwell, ICESA
Kris Iverson
Roberts Jones, ETA

TITLE IV -- AMENDMENTS TO THE WAGNER-PEYSER ACT

PUBLIC EMPLOYMENT OFFICES PROGRAM

Sec. 401. (a) Sections 1 through 10 of the Act of June 6, 1933 (popularly known as the Wagner-Peyser Act), are amended to read as follows: "That in order to promote the establishment and maintenance of a national system of public employment offices, there is established within the Department of Labor the United States Employment Service.

"Sec. 2. For the purpose of this Act--

"(1) the term 'Secretary' means the Secretary of Labor;

"(2) the term 'service delivery area' has the same meaning given that term under the Training for Jobs Act; and

"(3) the term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, and the Virgin Islands.

"Sec. 3. The United States Employment Service shall assist in coordinating the State public employment services throughout the country and in increasing their usefulness by developing and prescribing minimum standards of efficiency, assisting them in meeting problems peculiar to their localities, promoting uniformity in their administrative and statistical procedure, furnishing and publishing information as to opportunities for employment and other information of value in the operation of the system, and maintaining a system for clearing labor between the States. It shall be the duty of the Secretary of Labor to assure that unemployment insurance and employment services in each State, as appropriate, upon request of a public agency administering or supervising the administration of a State plan approved under part A of title IV of the Social Security Act or of a public agency charged with any duty or responsibility under any program or activity authorized or required under part D of title IV of such Act, shall (and, notwithstanding any other provision of law, is authorized to) furnish to such agency making the request, from any data contained in the files of any such office, information with respect to any individual specified in the request as to (1) whether such individual is receiving, has received, or has made application for, unemployment compensation, and the amount of any such compensation being received by such individual, (2) the current (or most recent) home address of such individual, and (3) whether such individual has refused an offer of employment and, if so, a description of the employment so offered and the terms, conditions, and rate of pay thereof.

"Sec. 4. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

"Sec. 5. (a) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State OR LEGISLATIVELY DESIGNATED STATE AGENCY which (1) has, except in the case of Guam, an unemployment compensation law approved by the Secretary under the Federal Unemployment Tax Act and is found to be in compliance with section 303 of the Social Security Act, as amended, and (2) if found to have coordinated with the public employment service to provide unemployment insurance claimant services, and (3) is found to be in compliance with this Act, such amounts as the Secretary determines to be necessary for allotment under section 6.

"(b) (1) Beginning with fiscal year 1984 and thereafter appropriations for any fiscal year for programs and activities assisted or conducted under this Act shall be available for obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.

"(2) Funds obligated for any program year may be expended by the State during that program year and the two succeeding program years and no amount shall be deobligated on account of a rate of expenditure which is consistent with the program plan.

"(3) (A) Appropriations for fiscal year 1983 shall be available both to fund activities for the period October 1, 1982, and July 1, 1983, and for the program year beginning July 1, 1983.

"(B) There are authorized to be appropriated such additional sums as may be necessary to carry out the provisions of this paragraph for the transition to program year funding.

"Sec. 6. (a) From the amounts appropriated pursuant to section 5(a) for each fiscal year, the Secretary shall allot to each State an amount which bears the same ratio to the total amount available for allotment in each fiscal year as the number of individuals in the civilian labor force in that State bears to the total number of individuals in the civilian labor force in all States.

"(b) (1) Twenty-five per centum of the sum allotted to each State shall be allocated in accordance with the provisions of this subsection.

"(2) Not more than 10 per centum of the amount allotted under paragraph (1) of this subsection may be used for the costs of auditing activities and other administrative activities.

"(3) The remainder of the amount allotted under paragraph (1) of this subsection to each State shall be used for programs and activities described in section 8(b).

"(c) The remainder of the amount allotted to each State shall be allocated by the Governor or legislatively designated State agency among service delivery areas within the State on the basis of the relative number of individuals in the civilian labor force in each service delivery area within the State compared to the total number of such individuals within the State.

"Sec. 7. (a) Plans for service delivery areas shall be prepared IN CONJUNCTION WITH ~~by~~ the private industry council established under the Training for Jobs Act. In any case in which there is no private industry council for a service delivery area, the employment service delivery area plan shall be prepared in cooperation with an official designated by the Governor.

"(b) Each service delivery area plan under this Act shall contain—

"(1) a proposed description of employment services and programs to be provided;

"(2) the priorities for providing services in addition to those required for veterans, but such priorities shall not deny referral services to any category of individuals;

"(3) the proposed budget for the program year, including resources planned for application of the work test; and

"(4) expected performance accomplishments and a comparison with the performance of the previous year.

"(c) (1) Each local employment service plan for a service delivery area shall be consolidated in the State employment service plan.

"(2) (A) The State shall prepare a consolidated State plan for carrying out the provisions of this Act within the State.

"(B) Each consolidated State employment service plan shall contain--

"(i) a description of the use of funds allotted to the State; and

"(ii) a composite of approved plans for service delivery areas within the State providing a statewide description of employment services to be provided.

"(3) Each consolidated State plan shall be submitted to the Secretary. If the plan conforms to the provisions of this Act and is reasonably appropriate and adequate to carry out the purposes of this Act, the Secretary shall approve the plan within thirty days after the plan is submitted.

"Sec. 8. (a) Funds allotted to a State for employment services and allocated to a service delivery area shall be used for--

"(1) job finding and placement services to jobseekers, including unemployment insurance claimants and veterans;

"(2) appropriate recruitment services for employers with vacancies;

"(3) employment counseling, testing, job development and other employment services to jobseekers;

"(4) special technical services to employers; and

"(5) preparing the service delivery area plan.

In determining the use of funds, priority shall be given to local employee and employer needs.

"(b) Amounts available to States under section 6(b)(3) may be used for--

"(1) evaluation of programs;

"(2) developing linkages between services funded under this Act and related programs funded under related Federal or State legislation;

"(3) providing services for workers who have no reasonable prospect of returning to the occupation or industry from which they have been laid off;

"(4) developing and providing labor market and occupational information;

"(5) developing a management information system and compiling and analyzing reports therefrom;

"(6) providing incentives to reward superior performance in service delivery areas; and

"(7) supplementing services authorized under this Act in service delivery areas.

"(c) The Secretary is authorized to establish performance standards which shall take into account the differences in priorities reflected in State plans.

"(d) (1) No funds paid under this Act may be used for advertising in newspapers for jobs paying more than twice the minimum wage established under the Fair Labor Standards Act of 1983, UNLESS THE JOBS ARE PART OF A STATE INDUSTRIAL DEVELOPMENT EFFORT TO ENCOURAGE NEW BUSINESS TO COME TO THE STATE OR TO ASSIST EXISTING BUSINESSES TO EXPAND WITHIN THE STATE.

"(2) Nothing in this Act shall be construed to prohibit the referral of any applicant to private agencies as long as the applicant is not charged a fee.

"(3) Funds allocated for employment service use in any State and service delivery area under this Act shall be administered in accordance with the approved plan.

"(e) In addition to the services describes in the consolidated State employment service plan, the State may perform such other labor market related services as are specified in reimbursable contracts with the Secretary.

"Sec. 9. (a) (1) Each State OR LEGISLATIVELY DESIGNATED STATE AGENCY shall establish such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursal of, and accounting for, Federal funds paid to the recipient under this Act. The Director of the Office of Management and Budget, in consultation with the Comptroller General of the United States, shall establish guidance for the proper performance of audits. Such guidance shall include a review of fiscal controls and fund accounting procedures established by States under this section.

"(2) At least once every two years, the State shall prepare or have prepared an independent financial and compliance audit of funds received under this Act.

"(3) Each audit shall be conducted in accordance with applicable auditing standards set forth in the financial and compliance element of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions issued by the Comptroller General of the United States.

"(b) (1) The Comptroller General of the United States shall, on a selective basis evaluate the expenditures by States of funds received under this Act in order to assure that expenditures are consistent with the provisions of this Act and to determine the effectiveness of the State in accomplishing the purposes of this Act. The Comptroller General shall conduct the evaluations whenever he determines it necessary and he shall periodically report to the Congress on the findings of such evaluations.

"(2) Nothing in this Act shall be deemed to relieve the Inspector General of the Department of Labor of his responsibilities under the Inspector General Act.

"(3) For the purpose of evaluating and reviewing programs established or provided for by this Act, the Comptroller General shall have access to and the right to copy any books, accounts, records, correspondence, or other documents pertinent to such programs that are in the possession, custody, or control of the State.

"(c) (1) Every State shall repay to the United States amounts found not to have been expended in accordance with this Act. The Secretary may offset such amounts against any other amount to which the recipient is or may be entitled under this Act unless the Secretary determines that such State should be held liable pursuant to paragraph (2).

"(2) Each State shall be liable to repay from funds other than funds received under this Act upon a determination that the misexpenditure of funds was due to willful disregard of the requirements of this Act, gross negligence, or failure to observe accepted standards of administration. No such finding shall be made except after notice and opportunity for a fair hearing.

"Sec. 10. (a) Each State shall keep records that are sufficient to permit the preparation of reports required by this Act and to permit the tracing of funds to a level of expenditure adequate to insure that the funds have not been spent unlawfully.

"(b) (1) The Secretary may investigate such facts, conditions, practices, or other matters which the Secretary finds necessary to determine whether any State receiving funds under this Act or any official of such State has violated any provision of this Act.

"(2) (A) In order to evaluate compliance with the provisions of this Act, the Secretary shall conduct, in several States, in each fiscal year investigations of the use of funds received by States under this Act.

"(B) In order to insure compliance with the provisions of this Act, the Comptroller General of the United States may conduct investigations of the use of funds received under this Act by any State.

"(3) In conducting any investigation under this Act, the Secretary or the Comptroller General of the United States may not request any information not readily available to such State.

"(c) Each State receiving funds under this Act shall—

"(1) make such reports concerning its operations and expenditures as shall be prescribed by the Secretary, and

"(2) prescribe and maintain a management information system designed to facilitate the compilation and analysis of programmatic and financial data, on statewide and service delivery area bases, necessary for reporting, monitoring, and evaluating purposes."

Senator QUAYLE. Thank you, Mr. Gardner.
Mr. Snelling.

STATEMENT OF ROBERT O. SNELLING, SR., CHAIRMAN OF THE BOARD, SNELLING & SNELLING, INC., SARASOTA, FLA.

Mr. SNELLING. Mr. Chairman, and committee members, many of the 11 million people who will collect unemployment compensation this year are job ready. Their skills are in demand. They don't need training or retraining. They need help in getting a job, fast, before they can collect thousands of dollars of unemployment compensation. Once they are trained or retrained, they will also need placement. There are millions of jobs going begging and, they are not all for electronic engineers or dishwashers. They cover the entire cross section of the 100 million people in this country who are working.

You have done so very much to help these unfortunate people through training, retraining, unemployment compensation, employer incentives to hire the unemployed, and so on.

Now is the time to pull out all the stops to find them jobs fast.

The way to do this, while undeniably complex, can be simplified in three logical ways. These can be implemented by amending the Wagner-Peyser Act which directs the efforts of the U.S. Employment Service and its State affiliated job services.

I firmly believe a blending of proposals such as the Jeffords bill and Hawkins bill would be acceptable to the 10,000 private sector employment services, to the hundreds of thousands of small businessmen across America who are bearing the brunt of increased unemployment taxes.

So long as the resultant bill takes positive and affirmative steps to concentrate the efforts of the USES on placing the unemployed, and utilizes the private sector employment services in putting the unemployed back to work.

The first step is to remove the artificial barriers that keep people and jobs apart.

Remove the regulation which prohibits the State employment services from referring job seekers to private sector employment services and instruct the USES and their State affiliates to make such referrals, and the United States Code which prohibits placing job candidates to the Federal Government to allow private sector employment services to do so under contract with the Government, in the normal course of their professional activity.

The second step would be to utilize the Nation's foremost experts in getting people jobs. There are over 10,000 private sector employment services who employ over 50,000 highly trained professional employment counselors who are available now to meet the needs of the unemployed on a contingency basis.

Their expertise could be brought immediately to bear through the utilization of a simple voucher system similar to that presently being used in Pennsylvania to place the able-to-work welfare recipients.

Return on investment as proven in similar programs in California and Michigan would be a minimum of 2 to 1. Additionally, Government figures show that a simple reduction of 1 percent in the unemployment means the savings of $25 to $35 billion to the Treasury.

For many reasons, the State job services are not able to do the job. There has been a drastic job drop in their numbers of placements from 15 million in the sixties to 6 million in the seventies and only 4 million last year.

GAO studies show over 50 percent of those 4 million placements were on temporary jobs leaving 7 million people without permanent employment.

In the process 17 States have bankrupted their unemployment compensation funds and had to borrow over $16 billion from the Federal Government. This will continue until someone starts putting these people back to work in a hurry.

The third and perhaps most important step taken would be to redirect the resources of the U.S. Employment Service and its affiliated State job services to concentrate on finding jobs for the unemployed.

The U.S. Employment Service has complained that the Wagner-Peyser Act mandates that it must give its services to everyone whether they are employed or not. This has led to them doing such counterproductive tasks as running ads for $50,000 a year engineers and taking them from one job to another, to running personnel departments for companies who can well afford to run their own personnel departments.

The Congress should direct the USES and State job services to utilize their resources solely to find jobs for the unemployed.

Direct that they close the recruiting offices in the affluent suburbs and reopen or restaff their inner city offices to properly serve the unemployed.

Abolish the gate applicant master order technique which allows the USES to run personnel departments on the premises of selected employers in return for exclusive placement contracts, and discontinue the placing of newspaper ads, radio-television public service announcements for the jobs for the already employed.

In conclusion, what it boils down to is putting all available manpower in the front lines placing people. It is simply what any rational company who is in trouble would do, redirect its energies, manpower, and resources against its major problem.

Our Nation can do no less for those who are in need of a job.

Thank you.

[The prepared statement of Mr. Snelling follows:]

Testimony of
Robert O. Snelling, Sr.
Chairman of the Board
Snelling and Snelling, Inc.

to
Senate Subcommittee on Employment and Productivity
and the
House Subcommittee on Employment Opportunities

Mr. Chairman and Committee Members: The bulk of the eleven million people who will collect unemployment compensation this year are job ready. Their skills are in demand. They don't need training or retraining. They need help in getting a job fast! Before they can collect thousands of dollars of unemployment compensation.

There are millions of jobs going begging and they are not all for electronic engineers or dishwashers. They cover the entire cross section of of the one hundred million people in this country who are working.

You have done so very much to help these unfortunate people through training, retraining, unemployment compensation, employer incentives to hire the unemployed, etc.

Now is the time to pull out all the stops to find them jobs fast!

Unemployment benefits have been projected to over 25 billion for 1982.

Benefits have been extended 13 weeks in 11 states plus Puerto Rico and DOL says 48 states will be on extended benefits this year.

The Unemployment Trust Fund is owed 6 billion from 1978 plus 3 billion paid for extended benefits and 17 states have borrowed over 16 billion because their unemployment compensation funds had been bankrupted.

Employers are being taxed at the highest levels ever. (Washington Report, 2-15-82 P. 10).

With states unemployment compensation funds going bankrupt left and right we can no longer play Santa Claus:

viz: Paying 13 weeks unemployment compensation to individuals who resign from the service. This operated in direct opposition to the incentive bonuses used to get them to re-enact. They have a job if they want it.

Allowing people who are on Social Security or other retirement programs to collect unemployment compensation benefits.

Allowing states to pay these funds to strikers, who have voluntarily left their jobs and paychecks.

Allowing states to use their unemployment compensation funds for administrative purposes.

Allowing individuals to collect unemployment compensation even though they have no desire to work and refuse job interviews and job offers.

This money must be used to find jobs for the unemployed.

The way to do this, while undeniably complex, can be simplified in three logical ways which can be implemented by amending the Wagner-Peyser Act which directs the efforts of the United States Employment Service and its state affiliated Job Services. This could be done through the Findley bill HR 4738 or through the Hawkins bill or through any other legislation this committee may recommend.

1. The first step is to remove the artifical barriers that keep people and jobs apart.

a. Remove the self serving regulation CFR 20-V-653.5 (A5) as noted in the Federal Register which prohibits the State Employment Services from referring job seekers to private employment services and instruct the USES and its state affiliates to make referrals of qualified unemployed individuals to the private employment services just as they would to any employer who would list a job with them. (letter from Alabama State Employment Service refusing to work with Private Sector Employment Services.) This letter clearly illustrates the disastrous effect of such a rule as promulgated by the

USES. Congress should correct such improper actions.

November 17, 1981

Dr. Robert O. Snelling, Sr.
Snelling and Snelling
4000 South Tamiami Trail
Sarasota, Fl.

Dear Dr. Snelling:

About two weeks ago, one of our North Dakota offices called the Minneapolis Office. They were in dire need of heavy diesel mechanics for the oil fields in western North Dakota, and few were to be found in North Dakota. So in recruiting, I called heavy equipment suppliers, the machinist's union (very helpful, by the way), and others, including the local Minnesota Department of Job Security which is part of the United States Employment Service, here in Minneapolis. I was told that no way could they provide me any people who had registered for unemployment.

"Wait a minute," I said, "these are employer fee paid jobs--it will cost your applicants nothing except their time."

"Sorry, but we can't help you. Regulations and all that, you know," was the bureaucrat's reply.

Again I tried. I explained once more that the employer would pay the fee. Their response was the USES exists solely to provide jobs (when and if they find them) at no cost to either the employer or the employee. (Only to you and me in the form of taxes). And, they added, they can't cooperate with private, fee charging employment agencies, such as Snelling and Snelling. So I asked, "Do you actually mean that here I have some jobs available that will get people off unemployment--off food stamps--off the dole--off welfare--and you won't help me?"

"Sorry, but we can't do a thing for you," was the USES answer.

Now here's the icing on the cake: Last Monday we got a call in from a local plastics wholesaler who wanted a warehouse person. Yes, the company would pay the fee, and they wanted the job filled NOW. I had no current warehouse applicants in my files, had no time to advertise, didn't want a split, and knew that it would be futile to contact the Minnesota Dept. of Job Security (USES) again, in spite of the fact that their rolls were undoubtedly bulging with unemployed and laid off warehouse people.

So I hiked five blocks down to the Minnesota Dept. of Job Security and looked around. As I was watching, a husky fellow left one of the payment windows. I stopped him, asked if he had any previous warehouse experience (which he did) and asked him to accompany me back to my office, explaining why and who I was.

He told me yes he had been out of work for about two months, and no, the USES hadn't been able to find him a job, and he had just picked up his last unemployment compensation check. So he registered with us, I checked a couple of references, arranged an interview for him for the next day (Tuesday); the employer did some checking as well, and the following Friday he was hired at $5.00 an hour ($10,400/year) to start the next Monday.

You can draw any conclusions you wish from this parable, but I am relating this same story to both of our Minnesota Senators in Congress.

Sincerely,

Thomas R. Danahy
Counsellor
Snelling and Snelling
505 Foshay Tower
Minneapolis, Mn.

b. Amend Section 211 of Title 18 of the US Code which prohibits placing job candidates with the federal government for a fee to allow the private sector employment services to do so in the normal course of their professional activity.

Clearly this code was intended to eliminate "influence peddling" and should continue to do so. However, government agencies have and are hiring the private sector employment services to find them the people they need. Viz: the Department of Defense has hired a private sector employment service to recruit doctors.

This code needs to be amended to allow government on any level to utilize the private sector employment services to find the very best candidates available. A case in point would be utilization of private sector employment services to recruit for the Armed Services.

2. The second step would be to utilize the nation's foremost experts in getting people jobs. There are over 10,000 private sector employment services who employ over 50,000 highly trained professional employment counsellors that are available to meet the needs of the unemployed on a contingency basis.

Their expertise could be brought immediately to bear on the problem through the utilization of a simple voucher system similar to that presently being used in Pennsylvania to place the able to work welfare recipients.

This program should be handled by the states with a minimum of red tape and a simplified voucher system. Anyone who comes in asking for the services of the state unemployment offices could be given one of these vouchers along with a pamphlet explaining that they can approach as many of those private sector employment services as they desire and that if the private sector places them the government will pick up the tab.

The government should not be taking its time or its money or manpower in order to train these people on how to apply for a job or train these people on how to get to a private employment service. They should just hand them the voucher and the one or two page instruction sheet and get on with their other tasks of deciding whether or not the individual should be a recipient of unemployment compensation and, of course, to try to place them themselves.

The private sector of the employment service profession is already doing an outstanding public service for this nation. Over 60% of the individuals they find employment for are unemployed at the time, thus they are helping them to become productive members of our society, they have proven in various tests under funds provided for by the federal government in states such as California, Michigan and Pennsylvania, that they are capable of finding work for the unemployed. Their placement ratio far exceeds that of any other group in the placing of the unemployed and the able to work welfare recipients. Their offices are strategically located in large cities and small towns, very accessible to all members of society, their contacts in industry are broad, they are well established and they have great skill in motivating, teaching and training individuals how to go about landing a position. They are lean and mean and their staffs are organized for finding work for people. Over 90% of their employees are actively engaged full time in finding jobs for people and people for jobs. They have an ability which government does not have while increasing their staffs to meet the need and then decreasing them as the need subsides, therefore, when our economy turns around and our numbers of unemployed drop drastically their cost to the government will diminish as well.

By amendment of the Wagner-Peyser Act the U.S. Government can immediately put to work in over 10,000 offices throughout the U.S. over 50,000 highly trained, skilled and proficient professional employment counsellors without it costing the government one penny to rent offices, install carpets, drapes, furniture, install telephones, hire and train personnel, print up applications and material and all of the other attendant costs. In fact, it will cost the government absolutely nothing to so utilize the private sector until such time as the private sector is successful in removing an individual from the ranks of the unemployed and placing them in proper permanent work. And those placements, contrary to the placements made by the state employment services are guaranteed to be permanent. If they are not, such payments made to the private sector will be reduced accordingly with the length of the period of the position. This guarantee is so designed to virtually guarantee the government that it will not have cost them anything for the service if the individual so placed was removed from the rolls of those collecting unemployment compensation or welfare.

Additionally, the record has proven where the tests have been made that the government actually receives a minimum return of 2 to 1 on its investment through savings of unemployment compensation or welfare and in some cases it has gone as high as 7 to 1. (PEP report-State of Pennsylvania). The need is not so much in just returning the unemployed back to the ranks of the employed but to do it swiftly, to save the payments and to return that individual to a position where they are utilizing their skills and abilities for the good of business and industry and so that they can be a full fledged consumer and a taxpayer rather than a recipient of government largesse.

Mississippi State Employment Service states a reduction of 1 1/2 weeks of unemployment compensation for 500,000 people would save employers over $43,000,000. (Washington Report 2-1-82)

In the 8 month period of 11-1-80 to 6-30-81 in the Pennsylvania program of placing welfare recipients the private employment services had referred to them approximately 1600 people of which they placed 20%. They were paid under $300,000 for doing this and yet the savings to the government by the states own estimation were in excess of $1,120,000 which is over a 3-1 return on their investment in utilizing the private sector.

If the private sector is utilized and their record holds up with just a 2-1 return the savings to the government in the area of unemployment compensation will be in excess of 2 billion dollars a year and could run as high as 10 billion dollars a year.

The DOL wants to tie federal usage of money to placing of participants. Al Angrisani said, "It's one thing to say on paper you want to solve the nations unemployment problem. It's another to make it happen. We've spent 53 billion in 7 years on CETA and black youth unemployment hasn't gotten any better.

How well participants land and keep jobs is one of the things we are looking at in our package." (Wall Street Journal 12-30-81).

Private sector employment services utilization guarantees a return on investment to the nation. Studies have also shown that for every individual that the private sector employment services placed another individual voluntarily removed themselves from the rolls of the unemployed by finding employment on their own and a third individual was removed from the rolls of the unemployed because they refused to accept proper employment.

Also, work with CETA and with the welfare people such as is being done in Pennsylvania to place those able to work welfare people and those people trained or being trained by CETA. It can also be expanded further to help on the outplacement of those people being RIFed by the federal government and other state and local governments that this utilization of the private sector could also become effective in those areas as well.

Use of private sector employment services will also become a recruiting arm for our Armed Services who are spending over 92 million dollars a year on advertising for people. They will be able to take certain of these people who come to them, and refer them to the Armed Services, and not only refer them but to do a good selling job on them, on the future, the training and the opportunity there for them and that will take people off the unemployment rolls plus it will save the Armed Services the money of having to advertise for those people. It ought to get tham a higher caliber person because we have people who are very skilled at presenting the story of an employer and these offices can present the story of the Armed Services and what it means. They are doing this today, when many, many times they take young men and women who aren't quite sure what they want to do and send them into the Armed Services in order to grow up, to get some skill and training, etc.

The claim has been made that the only jobs around are for the highly skilled and that there are no jobs for the beginners. This is false thinking. There are millions of jobs out there for trainees and the beginners but the individuals who are sent on those have to be shown where these are stepping stones to a future and where these are the basic training grounds, where they learn the skills of working for an employer, getting to work on time, coming there highly motivated and enthused showing the employer what they can do so that they can move ahead to the next job and then to a better job.

In the decade of the 70's this nation created over 19 million new jobs yet only 5% of them were in the manufacturing end. These jobs were created in the private sector, and created in smaller companies which are the companies that the employment services have contact with. Less than 1% of the companies in this country employ over 500 people so it's those others that employ 400 or 100 or 50 or 25 which have the openings.

The complaint has been made that the private sector employment services can only put people in to jobs that exist and cannot create jobs and that the jobs just don't exist. That is not true. The private sector has proven from this history that over 40% of the people it finds work for are placed in positions that were not listed with the employment service at the time that the individual appalied to them. And, secondly, that over half of those individuals are placed on positions that did not exist at all but were placed on positions where the employer was convinced the job seeker was a valuable commodity that he should make room for. That he should hire and put them on his payroll even though he didn't have an opening existing at the time.

I am sure there will be some out there who may say this is just a bill to make money for the private sector employment services, however, that's a little hard to believe in the fact that they don't seem to be having any problem. Their numbers are increasing daily, there are a dozen national franchise chains across the U.S. which are growing rapidly. It seems they have plenty of business to keep them busy without taking on this task.

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Undoubtedly, there will be some among them who will not be interested in helping and that is understandable, they have to have the right to make that decision themselves, but of those that are willing to help our nation in its time of need and to do their job they certainly ought to be paid for doing it. There are others who will staff up to meet the increased flow of jobseekers and there will be other employment services that will come into being in order to help service this great need of our country and that is as it should be. Let the private sector invest its money in offices and telephones and personnel and training rather than having the government do it.

The private sector is set up and able to train new staff and new personnel and to staff up in order to meet this need they are prepared to do it. They have the capital necessary and the highly skilled personnel necessary to train new staff and to grow which they have been doing for years and now they would just have to continue to implement that.

Some may feel that the charges made by employment services are high however, 40% of the individuals who find employment through these services pay the bill themselves. They would not be paying the bill if it was unconscionable or was an amount that they could not afford. If unemployed for more than 6 or 7 weeks they have lost more in pay and benefits than the cost of finding a job. In fact, the unemployed are willing to pay if only someone will find them a job. One even ran an ad in the Birmingham News offering $1,000 to anyone who could get him a job. (Sarasota Herald-Tribune 2-27-82 P. 8B).

The other 60% of placements made are paid for by the employer. An employer certainly would not be paying the bill if it was not beneficial to them and cost effective.

Additionally, with over 10,000 employment services there is tremendous competition and certainly that helps to regulate the price. There are some employment services who charge a maximum of 4% of the first year's wages and there are others that chare 8% and some 10% and for a higher priced job some even go above that. State regulations should provide that the employment services regularly published charges are the ones that would be paid so the government would get some bargains from those that charge less.

Let us not forget these are the charges made for placing people who are already employed, who are very placeable and in great demand. The finding of jobs and creating jobs for the unemployed is going to be more difficult. It has been proven there are 9 million unemployed so it is harder to place them. We certainly should not expect these employment services to take less money for placing the more difficult to place. If anything, they should be allowed to charge more for handling and working with these people because they need more advice, guidance and counselling in order to land a job.

California cities, counties and districts have contracted out many services. Why? To save money. Savings have run as high as 49%. (Dollars and Sense Nov-Dec. 1981. P. 5).

The Private Industry Council (PIC) of Northeast Florida found its placement cost to be $88.00 per person for a $3.70 hr. job. (Florida Occupational Information Newsletter Dec. 1981. Vol. 4, Issue 3. P. 6).

"Jobs for Graduates" a national non-profit public service found the cost to place high school graduates to be $1,100 each vs. $3,300 for the cost of a CETA placement. (Economic Review -Summer 1981. P 6).

3. The third and perhaps the most important step to be taken would be to redirect the resources of the United State Employment Service and its affiliated State Job Services to concentrate on finding jobs for the unemployed. The US Employment Service has complained that the Wagner-Peyser Act mandates that it must give its services to everyone whether they are employed or not. This has led to them doing such counterproductive tasks as running ads for $50,000 a year engineers and taking them from one job to another to running personnel departments for companies who can well afford to run their own personnel departments, etc.

A. Direct the USES and its affiliated State Job Services to utilize their resources solely to finding jobs for the unemployed and abolish the professional employment service bureaus which recruit and solicit jobs for management and professional level people.

B. Direct that they close the recruiting offices in the affluent suburbs and reopen or restaff their inner city offices to properly serve the unemployed.

C. Abolish the Gate Applicant Master Order Technique (GAMOT) which allows the USES to run personnel departments on the premises of selected employers in return for exclusive placement contracts.

D. Discontinue the placing of USES/State Job Service newspaper ads, radio/television "public service announcements" and others for the advertisement of their functions and of jobs for the already employed.

What this boils down to is putting all available manpower in the front lines placing people. This is simply what any rational company who is in trouble would do - redirect its energies, manpower, and resources against its major problem.

Our nation can do no less for those who are in need of a job.

In 1932 this nation was in the grips of the worst depression it has ever seen. Over 12 1/2 million people were unemployed. This amounted to over 25% of the workforce and these were truly unemployed breadwinners, mostly men. Not as we count them today, unemployed wives, whose husbands are earning more than an adequate income or unemployed teenagers who are living at home. No, these were the people whose families were dependent on them for every dollar of income. It was against this backdrop that the Wagner-Peyser Act came into being. It was to be a cooperative effort between the states and the federal government. The incentive for the states was that the federal government would supply the funds for the states to run unemployment offices to take these people and to put them back to work in any job that they could find for them. The states responsibility was to tax its employers to fund a program that would pay unemployment compensation to these individuals for a limited period of time until work could be found for them or they could find work on their own.

Over the years this program, this well meaning, well intentioned program has been diluted and diminished in its ability to do the job that it was intended to do. That is, return the unemployed to the ranks of the employed so that they could in turn, be taxpayers, be productive members of society, and to be consumers thus helping to provide jobs for others.

Part of this has occurred because Congress has used these handy offices around the country, 2850 of them, to do a plethora of tasks that did nothing but interfere with their major role, that of putting the unemployed back to work. These included programs such as special projects for helping the veterans, involvement in the age function of EEOC, the order taking function

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from all government contractors, involvement in the employment of foreign nationals in this country and many other tasks too numerous to mention.

In addition, the USES used the vague (broad) wording in the Wagner-Peyser Act to go off on many non productive tangents. They attempted to put in a computerized placement system even though this had been tried in the private sector and had been proven to be inefficient, costly and ineffective, and even after the GAO had pointed out to them the dismal failure of this system, they lobbied Congress for an additional $250,000,000 to widen its scope. Today it is still a failure.

Instead of hiring more people on their staffs to find work for the unemployed they hired staff members to run employment offices for companies, thus giving certain companies an economic advantage over others.

The State Employment Services keep exhorting employers to take advantage of the extra services they render, since they have already paid for it. What they don't tell them is theyhave only been able to give these extra services to 11,000 hand picked employers and they have no money to help the others, unless taxes are increased.

Employers have not paid for these expensive services - but if they keep requesting them they will, in the form of higher taxes.

They advertised widely their services although all unemployed are made aware of their existence and know whereto reach them, using quarter and half page ads in the yellow pages, direct mail, TV, radio, and other means to broadcast their services. They advertised jobs for attorneys at $50,000 a year and engineers at $40,000 a year and machinists at $20,000 a year and secretaries at $12,000 a year when their files were bulging with unemployed people who should have been handled first.

Some examples of wasted time, manpower and dollars:

Oregon State Employment Ad (Wall St. Journal Feb. 10, 1982)

Marketing manager $44,000 to $57,000

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Pittsburg Job Service (Pittsburg Press 2-9-82)

Consultant Bus. Analyst $45,000

National Business Employment Weekly (Wall St. Journal 12-20-81-12-27-81)

Texas Employment Commission - Manager Mining Dept. $30,000

Atlanta Job Service Investment Coordinator $30,000

La. Dept. Employment Security - Research Consultant $24,000

Connecticut Job Service - Sr. Bus. Analyst $30,500

Washington State - Sales Trainee $16,000

Connecticut Job Service - Manager, Marketing $58,000

Illinois Job Service - Manager, Financial $45,000

Missouri Job Service - Veneer Slicer $40,000

Florida Job Service - Mech. Engineers $23.000

Direct Mail -Alabama Job Service -16 pages listing hundreds of jobseekers. Sent monthly to companies and refused to send to private sector employment services, even though it states, "Persons employed, underemployed or unemployed. They may or may not be registered with Alabama Job Service." (See Bibliography for these and many other samples).

Yellow Pages: (Example: Atlanta, Ga. Largest ad (1/2 page) by Georgia Department of Labor.

They opened offices in the affluent suburbs of large cities where unemployment was virtually non-existent while at the same time depleting and diminishing their efforts to serve the inner city hard core unemployed.

USES and State Job Services crying wolf and cutting out the productive job placing units instead of cutting the administrative fat.

A 12% budget cut would mean approximately 336 offices to be closed. Yet they closed over 600 (Industry Week. P. 21, Feb. 8, 1982) usually the wrong offices where the true needs were.

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Further they claimed that the Job Service personnel were being used to help process claims (same reference) when the unemployment compensation service is under an entirely separate budget.

Various states have cut their Job Service activities by as high as 80% in order to force the Congress to grant them additional funds. (Albuquerque Journal 1-24-82, St. Petersburg Evening Independent Jan. 1982, Indianapolis News 1-28-82). And they are successful at placing the already employed. In Alabama they placed 18% of those who already had jobs vs. only 20% of those on unemployment compensation or welfare. (Letter 1-28-82 Alabama State Employment Services).

At the same time, other Job Services are expanding their offices, without approval, hoping for more federal funds and counting on civil service rules to help them retain those new employees in spite of the government's desire to cut back. (Youngstown Ohio Dispatch 2-2-82).

Their number of placements dropped from 13 million in the 50's to less than 4 million last year while their budget zoomed astronomically.

Eighty percent of the people who apply to them are never referred on a job. Instead, most are referred to list of job openings and told to read them and go get the jobs themselves. They could just as well have handed them the local newspaper and save the trouble of listing the jobs.

With 9 million unemployed and many so-called untrained the USES and its State Job Services were unable to fill even the CETA training openings. (Sarasota Herald-Tribune 2-10-82 P. 3b). At the same time the local manager said "Certain 'service type jobs' were always available.

Almost one half of the openings listed with the State Employment Services are still available at the end of any given month. (Washington Report 11-30-81).

The GAO has pointed out that even this claimed 4 million placements are not true. Their studies have shown that in many states the figures have been falsified in order to collect additional funds from the federal government, funds which were based on a complex formula of numbers of people interviewed, counselled and placed. Additionally, a large portion of these placements are temporary placements of the type made by temporary help firms such as Manpower, Kelly and Olston where the individual works for a day or two or three or a week or two and then is placed again and again and again. In fact, many USES offices have groups of people that work on that very basis and each time they are sent out on an assignment that is counted as a placement.

In some areas merely sending someone to a company is counted as a placement, even though the job is not offered or where the person does not accept it if it is offered.

In other areas it was shown that when the state found out an individual was working at a certain company, even though they had not sent them, they counted that in their records.

As far back as 1977 the FBI was investigating complaints of placement falsification in order to get additional government funding. (Tulsa World 1-30-77).

GAO Report shows: that only 8% of placements are unemployment compensation recipients.

That placements were less than 2% and under 400,000.

That unemployment compensation recipients do not even have to register for jobs.

That their multi-million dollar computer match system is a shambles and does not work.

That their cost per placement was in excess of $1200. (Synopsis of GAO Report 5-24-76),

I say these things because their cost effectiveness or their cost replacement cannot be properly measured when the people who come to them are placing themselves from job lists, are being counted whether or not the office was responsible for placing them and are being counted when they are being placed on part time or temporary jobs. What we do know is that during the same period of time they have been showing such a dismal record of placing the private sector has been showing unprecedented growth, going from 4,000 employment services a decade ago to over 10,000 today, employing over 50,000 highly trained professional employment counsellors.

The Labor Department has said it receives 30 some billion dollars a year and that there were very loose accounting controls, and nobody really knew where the money was coming from or where it was going. We can't really tell what the cost for placement really is because the state offices were getting monies from many diverse groups. In some cases, they were getting money from CETA groups for making placements, they were getting money under federal programs for the veterans and from many other different bills, monies were flowing to them for various projects and there is no way of telling whether or not these monies were totaled into their final budget or into any of the figures that they may have put up insofar as what their actual cost per placement is.

For instance, a few years ago the USES received a special grant of $375,000,000 to hire veterans to help place the veterans. This is like the blind leading the blind. Untrained people, unknowledgeable in how to place people but because they were veterans they were going to be hired to place other veterans. That money could have been better spent to have the private sector place those veterans, the highly skilled, highly trained, already in place private sector. These are the kind of extra monies the Job Services have received over the years so when they say their budget is $800,000,000 a year that's just not true.

There is need for a smaller number of state unemployment offices to provide a very valuable function. These functions should be limited to their assigned tasks of making sure that everyone who applies for unemployment

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compensation does not get it unless they are entitled to it. At the present time, of the 4 million people a year who apply for unemployment compensation, less than 3% are challenged and less than 1% of the 3% are turned down, although statistics reveal that over 40% of the unemployed in ths country are unemployed voluntarily by leaving their previous position.

In times of high unemployment such as this, no one should be allowed, and the law does not allow them to voluntarily walk away from the position which is putting the bread and butter on their table and then collect unemployment compensation for 39 or 52 weeks at the expense of their fellowman.

It is unconscionable in this country for any state in the union to pay a secretary unemployment compensation when the demand for secretaries so far exceeds the supply that companies are now actually recruiting secretaries. The same thing would be true of anyone with a background in the computer and the data processing field. The demand there is so great that absolutely nobody should be allowed to collect unemployment compensation in that field. This is where the state employment offices have fallen down because they are spending so much time on so many other things that they are not making sure that those people are being offered one job after another and that either they take those jobs or they remove themselves from the rolls of the unemployed and from collecting unemployment compensation.

Secondly, they should implement and enforce the work test rule. That is to see that each individual who is collecting unemployment compensation is actively and full time looking for a job and, further, that those individuals do not turn down proper employment in order to continue to collect unemployment compensation.

The Department of Labor in its own study of USES abuses claims in some cities 25% of all benefits paid were improper.

Fraud accounted for 25% and agency error for 22%.

The total estimated cost 3.2 billion (Washington Report Nov. 9, 1981 p. 11)

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Richard Lesher, President of the U.S. Chamber of Commerce said, "If you opened up the newspaper in any major city, you see jobs going a begging, even while you have unemployment. That means there is a base of people in and out of the workplace who really don't want jobs." (Washington Report 12-7-81 P. 16).

States that spend time weeding out those unemployment compensation recipients unwilling to take jobs are finding that they get a return on investment of 2-1. One state spent $127,000 in one month and saved $783,000 in unemployment compensation payments with a 6-0 return on investment. (Wall St. Journal 2-8-81).

No individual should be allowed to collect unemployment compensation for 39 weeks or for any extended period of time and still turn down employment. If construction is off in this country and we have unemployed carpenters and bricklayers and electricians that until such time as our interest rates turn around and people are able to buy homes again there is certainly little chance of them going back to work in that field. After looking for work for five weeks in that field, if it is not available then they should have to take the best possible employment offered.

Thirdly, they should continue to utilze whatever time they have left to find jobs for those who are unemployed, giving first priority to those who are collecting unemployment compensation.

The very nature of government and bureaucracy with the attendant civil service regulations makes reduction in force after a function is completed difficult if not impossible. The private sector could be reduced when unemployment goes down but the bureaucracy cannot. They have to find something else to do to justify their position. The time has come to stop the trend of taking billions of dollars of work away from businesses, large and small, those who pay a large share of America's taxes, and giving that work to federal employees whose facilities and salaries are paid for with tax dollars. there is no sector of the economy with less control and accountability than government. Competition with private industry by government agencies has been a source of increasing concern over the past few years. Federal employees currently perform 11,000 commercial or industrial activities that could be done by private firms. These activities cost the taxpayers almost 19 billion dollars last year.

Abraham Lincoln in one of his most famous statements, said that the government should not do for the people what the people can do for themselves. And it has been proven emminently clear, that private enterprise is putting people back to work, can put people back to work and should be allowed to put those people who are collecting unemployment compensation or welfare back to work rather than having a huge bureaucractic empire attempt to do this job.

Senator **Quayle**. Thank you very much, Mr. Snelling.
Mr. Weber.

STATEMENT OF RICHARD W. WEBER, CHAIRPERSON, EMPLOYERS' NATIONAL JOB SERVICE COMMITTEE AND MANAGER OF ADMINISTRATIVE SERVICES, BASIN ELECTRIC POWER COOPERATIVE, BISMARK, N. DAK.

Mr. **Weber**. Thank you, Mr. Chairman and Mr. Hawkins.

The Employers' National Job Service Committee [ENJSC] is a national advisory panel to the Employment and Training Administration and the U.S. Employment Service made up of Job Service Employer Committee chairpersons from the 50 States and 3 Federal territories. The objectives of the ENJSC are to maintain a dialog with the U.S. Department of Labor which at times is difficult, and other appropriate agencies about employer concerns in employment and training and to seek solutions and make recommendations concerning employment and training related matters. In 1981, some 22,000 employers nationwide served on 1,040 job service employer committees across this Nation, all serving in a volunteer capacity to improve the public labor exchange system that we finance through the Federal Unemployment Tax Act.

We believe a unified public labor exchange is essential to the economic well-being of this Nation and its diverse society. We also believe that for efficiency and effectiveness, a national labor exchange must have a primary objective that can be generally stated, and clearly understood, and that is measurable in order to facilitate performance evaluation and to determine the return on investment of the services offered.

Based on current and projected employer needs, national employment and-training goals should be to:

One, prepare and place unemployed individuals based on their needs and abilities;

Two, prepare and place employed individuals facing skills obsolescence and/or employer closures;

Three, place employed individuals seeking upgrading and/or change for self-improvement; and

Four, efficiently administer temporary income maintenance programs.

Inherent in these national employment and training goals is the need to prepare and then place individuals either directly into meaningful, unsubsidized jobs or into finite and short duration subsidized employment [OJT] or apprenticeship programs.

Based on the goals we have stated for a national-employment-and-training system, we believe that a national system should have as a foundation a national-employment-and-training policy which provides a framework or set of guidelines by which such a system is governed and judged. Among those considerations and as components of such a policy are the following:

One, everyone has a right to avail themselves of public employment and training services.

Two, those more permanently out of work but able and qualified for existing jobs should be required to take those jobs or face elimination from income maintenance programs.

Three, a national employment and training system should not require the selection, training, and placement of specific targeted groups to the exclusion of others.

Four, national programs would be designed to support the concept that the Nation's primary and secondary schools should provide most of the educational preparation for work and that the workplace provides most of the occupation-specific training.

As far as organization of the system, we feel employment-and-training operational areas should be identifiable labor market areas. Each such local operational area should be under the direction of a single administrator who has authority consistent with responsibility to administer all employment and training programs in that operational area.

We believe such a system should provide a single centralized client-intake point where each individual's needs can be accurately assessed, and in our opinion the logical agency to perform that function is the U.S. Employment Service.

Any new system should provide a single delivery system to all employers.

Any new system should provide a single point of contact with a given employer when performing employer relations, job development, and placement activities.

Any new system should devise and incorporate elements and services which are closely coordinated, noncompetitive, and nonduplicative.

Any new system should utilize a single advisory board consisting primarily of employers—both private and public sector—but which may also be comprised of additional representatives from local government, education, labor, economic development, and other employment, and training, and community-based organization activities operating in that labor area.

As far as funding, in our opinion, any funding formula should take into consideration first the need to provide adequate temporary maintenance and prepare and place currently unemployed persons into existing jobs.

We should bear in mind the need to train persons who need future job requirements and skills, and the need to provide an incentive for sustaining the performance.

Funding should be based on a formula that incorporates the number of placements, second, the cost for placement, the third, for potential placement in the labor market area, and finally, the unemployment rate in that area in our opinion, through the tax dollars should be used for intake placement and temporary income maintenance program activities.

As private sector employers, we feel that since employers provide most of the occupation-specific training, it is imperative that employers should be encouraged to continue and expand their training efforts. Tax credit programs—similar to the TJTC program—should be expanded and given a chance to work and have their effectiveness evaluated not only during the recent recessionary times but also during an expanding economy.

Employers should also play a key advisory role in the operation of the training-and-delivery system—from planning through evaluation—including program development, goal setting, and implementation, and program monitoring. Meaningful employer involvement, mutual education, and an ongoing dialog should help to sustain continued improvement in the design and performance of a consolidated employment and training system.

Thank you.

[The prepared statement and position paper submitted by Mr. Weber follow:]

TESTIMONY BY RICHARD W. WEBER, CHAIRPERSON, EMPLOYERS' NATIONAL JOB SERVICE COMMITTEE AND MANAGER OF ADMINISTRATIVE SERVICES, BASIN ELECTRIC POWER COOPERATIVE BEFORE THE JOINT HEARINGS OF THE SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY AND THE HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES, WASHINGTON, D.C. MARCH 15, 1982.

THE EMPLOYERS' NATIONAL JOB SERVICE COMMITTEE (E.N.J.S.C.) IS A NATIONAL ADVISORY PANEL TO THE EMPLOYMENT AND TRAINING ADMINISTRATION AND THE U.S. EMPLOYMENT SERVICE MADE UP OF JOB SERVICE EMPLOYER COMMITTEE CHAIRPERSONS FROM THE FIFTY (50) STATES AND THREE FEDERAL TERRITORIES. THE OBJECTIVES OF THE E.N.J.S.C. ARE TO MAINTAIN A DIALOGUE WITH THE U.S. DEPARTMENT OF LABOR AND OTHER APPROPRIATE AGENCIES ABOUT EMPLOYER CONCERNS IN EMPLOYMENT AND TRAINING AND TO SEEK SOLUTIONS AND MAKE RECOMMENDATIONS CONCERNING EMPLOYMENT AND TRAINING RELATED MATTERS. IN 1981, SOME 22,000 EMPLOYERS NATIONWIDE SERVED ON 1,040 JOB SERVICE EMPLOYER COMMITTEES ACROSS THIS NATION, ALL SERVING IN A VOLUNTEER CAPACITY TO IMPROVE THE PUBLIC LABOR EXCHANGE SYSTEM THAT WE FINANCE THROUGH THE FEDERAL UNEMPLOYMENT TAX ACT.

WE BELIEVE A UNIFIED PUBLIC LABOR EXCHANGE IS ESSENTIAL TO THE ECONOMIC WELL BEING OF THIS NATION AND ITS DIVERSE SOCIETY. WE ALSO BELIEVE THAT FOR EFFICIENCY AND EFFECTIVENESS, A NATIONAL LABOR EXCHANGE MUST HAVE A PRIMARY OBJECTIVE THAT CAN BE GENERALLY STATED AND CLEARLY UNDERSTOOD AND THAT IS MEASURABLE IN ORDER TO FACILITATE PERFORMANCE EVALUATION

AND TO DETERMINE THE RETURN ON INVESTMENT OF THE SERVICES OFFERED.

BASED ON CURRENT AND PROJECTED EMPLOYER NEEDS, NATIONAL EMPLOYMENT AND TRAINING GOALS SHOULD BE TO:

1. PREPARE AND PLACE UNEMPLOYED INDIVIDUALS BASED ON THEIR NEEDS AND ABILITIES;
2. PREPARE AND PLACE EMPLOYED INDIVIDUALS FACING SKILLS OBSOLESCENCE AND/OR EMPLOYER CLOSURES;
3. PLACE EMPLOYED INDIVIDUALS SEEKING UPGRADING AND/OR CHANGE FOR SELF-IMPROVEMENT; AND
4. EFFICIENTLY ADMINISTER TEMPORARY INCOME MAINTENANCE PROGRAMS.

INHERENT IN THESE NATIONAL EMPLOYMENT AND TRAINING GOALS IS THE NEED TO PREPARE AND THEN PLACE INDIVIDUALS EITHER DIRECTLY INTO MEANINGFUL, UNSUBSIDIZED JOBS OR INTO FINITE AND SHORT DURATION SUBSIDIZED EMPLOYMENT (OJT) OR APPRENTICESHIP PROGRAMS.

BASED ON THE GOALS WE HAVE STATED FOR A NATIONAL EMPLOYMENT AND TRAINING SYSTEM, WE BELIEVE THAT A NATIONAL SYSTEM SHOULD HAVE AS A FOUNDATION A NATIONAL EMPLOYMENT AND TRAINING POLICY WHICH PROVIDES A FRAMEWORK OR SET OF GUIDELINES BY WHICH SUCH A SYSTEM IS GOVERNED AND JUDGED. AMONG THOSE

CONSIDERATIONS AND AS COMPONENTS OF SUCH A POLICY ARE THE FOLLOWING:

1. EVERYONE HAS A RIGHT TO AVAIL THEMSELVES OF PUBLIC EMPLOYMENT AND TRAINING SERVICES.
2. THOSE MORE PERMANENTLY OUT OF WORK BUT ABLE AND QUALIFIED FOR EXISTING JOBS SHOULD BE REQUIRED TO TAKE THOSE JOBS OR FACE ELIMINATION FROM INCOME MAINTENANCE PROGRAMS.
3. A NATIONAL EMPLOYMENT AND TRAINING SYSTEM SHOULD NOT REQUIRE THE SELECTION, TRAINING AND PLACEMENT OF SPECIFIC TARGETED GROUPS TO THE EXCLUSION OF OTHERS.
4. NATIONAL PROGRAMS WOULD BE DESIGNED TO SUPPORT THE CONCEPT THAT THE NATIONS PRIMARY AND SECONDARY SCHOOLS SHOULD PROVIDE MOST OF THE EDUCATIONAL PREPARATION FOR WORK AND THAT THE WORK PLACE PROVIDES MOST OF THE OCCUPATION-SPECIFIC TRAINING.

ORGANIZATION

1. EMPLOYMENT AND TRAINING OPERATIONAL AREAS SHOULD BE IDENTIFIABLE LABOR MARKET AREAS. EACH SUCH LOCAL OPERATIONAL AREA SHOULD
   A. BE UNDER THE DIRECTION OF A SINGLE ADMINISTRATOR WHO HAS AUTHORITY CONSISTENT WITH RESPONSIBILITY

TO ADMINISTER ALL EMPLOYMENT AND TRAINING PROGRAMS IN THAT OPERATIONAL AREA.

B. PROVIDE A SINGLE CENTRALIZED CLIENT INTAKE POINT WHERE EACH INDIVIDUAL'S NEEDS CAN BE ACCURATELY ASSESSED. (JOB SERVICE)

C. PROVIDE A SINGLE DELIVERY SYSTEM TO ALL EMPLOYERS.

D. DEVISE AND INCORPORATE ELEMENTS AND SERVICES WHICH ARE CLOSELY COORDINATED, NON-COMPETITIVE AND NON-DUPLICATIVE.

E. UTILIZE A SINGLE ADVISORY BOARD CONSISTING PRIMARILY OF EMPLOYERS (BOTH PRIVATE AND PUBLIC SECTOR) BUT WHICH MAY ALSO BE COMPRISED OF ADDITIONAL REPRESENTATIVES FROM LOCAL GOVERNMENT, EDUCATION, LABOR, ECONOMIC DEVELOPMENT AND OTHER EMPLOYMENT AND TRAINING AND COMMUNITY BASED ORGANIZATION ACTIVITIES OPERATING IN THAT LABOR AREA.

F. BE REQUIRED TO INTERFACE EFFECTIVELY AND EFFICIENTLY WITH COMMUNITY BASED ORGANIZATIONS, ECONOMIC DEVELOPMENT, ENTERPRISE ZONES, AND VOCATIONAL EDUCATION ACTIVITIES, HUMAN SERVICES GROUPS, AND ALL PRIMARY AND SECONDARY EDUCATION AND TRAINING ACTIVITIES.

FUNDING

IN OUR OPINION ANY FUNDING FORMULA SHOULD TAKE INTO CONSIDERATION: (1) THE NEED TO PROVIDE ADEQUATE TEMPORARY

MAINTENANCE AND TO PREPARE AND PLACE CURRENTLY UNEMPLOYED PERSONS INTO EXISTING JOBS, (2) THE NEED TO TRAIN PERSONS TO MEET FUTURE JOB REQUIREMENTS AND SKILLS, AND (3) THE NEED TO PROVIDE AN INCENTIVE FOR EXCELLENT SUSTAINED PERFORMANCE. FUNDING SHOULD BE BASED ON A FORMULA INCORPORATING: (1) NUMBER OF PLACEMENTS, (2) COST PER PLACEMENT, (3) THE POTENTIAL FOR PLACEMENT IN A LABOR MARKET AREA, AND (4) THE UNEMPLOYMENT RATE IN THAT AREA. IN OUR OPINION FUTA TAX DOLLARS SHOULD BE USED FOR INTAKE AND PLACEMENT AND TEMPORARY INCOME MAINTENANCE PROGRAM ACTIVITIES.

AS PRIVATE SECTOR EMPLOYERS, WE FEEL THAT SINCE EMPLOYERS PROVIDE MOST OF THE OCCUPATION-SPECIFIC TRAINING, IT IS IMPERATIVE THAT EMPLOYERS SHOULD BE ENCOURAGED TO CONTINUE AND EXPAND THEIR TRAINING EFFORTS. TAX CREDIT PROGRAMS (SIMILAR TO THE TJTC PROGRAM) SHOULD BE EXPANDED AND GIVEN A CHANCE TO WORK AND HAVE THEIR EFFECTIVENESS EVALUATED NOT ONLY DURING THE RECENT RECESSIONARY TIMES BUT ALSO DURING AN EXPANDING ECONOMY.

EMPLOYERS SHOULD ALSO PLAY A KEY ADVISORY ROLE IN THE OPERATION OF THE TRAINING AND DELIVERY SYSTEM--FROM PLANNING THROUGH EVALUATION--INCLUDING PROGRAM DEVELOPMENT, GOAL SETTING AND IMPLEMENTATION AND PROGRAM MONITORING. MEANINGFUL EMPLOYER INVOLVEMENT, MUTUAL EDUCATION AND AN ONGOING DIALOGUE SHOULD HELP TO SUSTAIN CONTINUED IMPROVEMENT IN THE DESIGN AND PERFORMANCE OF A CONSOLIDATED EMPLOYMENT AND TRAINING SYSTEM.

EMPLOYERS'
NATIONAL
JOB SERVICE
COMMITTEE

March 1, 1982

Mr. Bob Guttman
Senate Subcommittee on Employment
and Productivity
4230 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Mr. Guttman:

Attached is a copy of the Employers' National Job Service Committee Position Paper: A New Consolidated National Employment and Training System which is our written testimony before the joint House/Senate hearings on March 15, 1982.

We ask that this position paper be printed in the official hearing record in full. Please contact me if further information is required.

Sincerely,

Richard W. Weber, Chairperson
Employers' National Job Service
Committee

RWW/pjb
Enclosures

DICK WEBER, Chairperson
Manager of Administrative Services
Basin Electric Power Cooperative
1717 E. Interstate Ave.
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MS. GLORIA SPANIER, Vice Chairperson
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EMPLOYERS'
NATIONAL
JOB SERVICE
COMMITTEE

POSITION PAPER: A NEW CONSOLIDATED NATIONAL EMPLOYMENT AND TRAINING SYSTEM

Submitted By
The Employers' National Job Service Committee

October 1, 1981
(Revised)

DICK WEBER, Chairperson
Manager of Administrative Services
Basin Electric Power Cooperative
1717 East Interstate Avenue
Bismarck, North Dakota 58501

MS. GLORIA SPANIER, Vice Chairperson
Director of Personnel
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485 Clyde Avenue
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Background

The **private sector** has been actively involved helping the Job Service to improve its performance since 1971. Employers have demonstrated their support of and commitment to the Job Service through **volunteer** participation on local, state, regional and national Job Service Employer Committees (JSECs). More than 22,000 employers are now actively involved in 1,040 JSECs throughout the United States. These employers give in excess of 150,000 hours of time each month to help the Job Service improve its delivery and service capability to applicants and employers while helping to reduce unemployment.

A Job Service Employer Committee (JSEC) is a group of employer representatives formed to provide a link between the Job Service and the employer community. JSECs recommend to local Job Service offices changes designed to improve Job Service performance and help reduce unemployment. The objectives of Job Service Employer Committees are

1. to provide formal communication between the Job Service and employers;
2. to encourage employer participation in the Job Service delivery system;
3. to increase Job Service penetration of hiring activities in the private sector;
4. to stimulate cooperation between the private sector and the public sector to develop mutual appreciation of their respective roles; and
5. to improve Job Service productivity in its labor exchange function as a means of reducing unemployment.

The Employers' National Job Service Committee (E.N.J.S.C.) is composed of employer committee chairpersons from each of the 50 states and three territories. The Committee meets annually and elects a chairperson who serves a two-year term. The policy-making arm of the Committee is a steering committee composed of one employer chairperson from each of the ten federal regions, plus several at-large employer representatives appointed by the National Chairperson.

The objectives of the Employers' National Job Service Committee are to support local, state and regional Job Service Employer Committees by functioning at the National level to

1. maintain a dialogue with the U.S. Department of Labor and other appropriate agencies, groups and individuals about employer concerns in employment and training;
2. coordinate employer efforts and exchange information; and
3. seek solutions and make recommendations concerning employment and training related problems in need of national attention.

In April, 1981 the Employers' National Job Service Committee presented a brief position paper to Assistant Secretary of Labor, Employment and Training Administration, Albert Angrisani. The thrust of that paper was to point out the need for a comprehensive national manpower policy under which all employment and training activities are operated. As employers who pay substantial amounts through our FUTA taxes that finance 97 percent of the administrative cost of the Job Service, we feel strongly that we should have a voice in the future direction of national employment and training policy.

This paper is based on discussions held by employer committee representatives around the nation and as a result of discussions of the E.N.J.S.C. Steering Committee. All such discussions were by private sector volunteers who are familiar with the present in-place system, who are active members of J.S.E.C.s, Private Industry Councils, and other local and state employment and training advisory bodies.

We trust that this paper will make a solid contribution to the current dialogue about future employment and training policy and that every consideration will be given to our proposals.

Proposed National Employment and Training Goals

We believe a unified public labor exchange is essential to the economic well being of this nation and its diverse society. We also believe that for efficiency and effectiveness, a national labor exchange must have a primary objective that can be generally stated and clearly understood and that is measurable in order to facilitate performance evaluation and to determine the return on investment of the services offered.

Inherent in the national employment and training goals below is the need to prepare and then place individuals either directly into meaningful, unsubsidized jobs or into finite and short duration subsidized employment (OJT) or apprenticeship programs.

Based on current and projected employer needs, national employment and training goals should be to

1. prepare and place unemployed individuals based on their needs and abilities;
2. prepare and place employed individuals facing skills obsolescence and/or employer closures;
3. place employed individuals seeking upgrading and/or change for self-improvement; and
4. efficiently administer temporary income maintenance programs.

Proposed National Employment and Training Policy

Based on the goals we have stated for a national employment and training system, we believe that a national system should have as a foundation a national employment and training policy which provides a framework or set of guidelines by which such a system is governed and judged. Among those considerations as components of such a policy are the following:

1. Everyone has a right to avail themselves of public employment and training services. However, when there might be more applicants than training openings, selection for training should be based on **need**. The evaluation of need should be based on an individual's: (1) earnings during the most recent 12 months, (2) length of time without a steady job and (3) reason for leaving or loosing recent job(s);
2. Those more permanently out of work but able and qualified for existing jobs should be required to take those jobs or face elimination from income maintenance programs.
   Permanently unemployed individuals should be strongly "encouraged" to fill existing job openings. During periods when there are a significant number of unskilled or "entry-type" jobs in one or more large geographic areas of the United States, income maintenance programs should be provided only to those who are temporarily out of work or to those who physically cannot work. However, if the number of unskilled

or "entry-type" jobs in the country falls below a reasonable minimum level, then income maintenance benefits should be expanded to encompass a broader spectrum of the unemployed;

3. First priority for jobs in the U.S. should go to workers legally able to work in the U.S. Where alien certifications are necessary the certification process should be retained by the Department of Labor;
4. A national employment and training system should not require the selection, training and placement of specific targeted groups to the exclusion of others. Goals for targeted groups (such as minorities, females, disadvantaged, veterans) should be directed by the federal government toward employers, and employers would then request and hire the proper numbers of targeted individuals to fill existing openings;
5. National programs should be designed to support the concept that the primary and secondary schools should provide most of the educational preparation for work and that the work place provides most of the occupation-specific training;
6. Within the framework of a national policy, employment and training programs should be managed primarily at the state and local levels; and
7. Distinctions as to whether jobs exist in the 'public' or the 'private' sector should be eliminated. Both should be treated as employers with a need to hire qualified individuals.

Recommended Attributes of a Consolidated Employment and Training System

The upcoming Congressional debate on CETA Reauthorization begs the larger question of what legislative changes and new administrative procedures might also be implemented to restructure, redesign and significantly improve the entire national employment and training program. If significant change to our national employment and training system is under serious consideration, the following concepts are respectfully submitted for consideration as an outline for a new approach to a consolidated national employment and training system.

All of these concepts are illustrated in "Figure 1" on page 6 which is a conceptual model of A Consolidated Employment and Training System.

Organization

1. Employment and training operational areas should be identifiable labor market areas. Each such local operational area should
   - A. be under the direction of a single administrator who has authority consistent with responsibility to administer all employment and training programs in that operational area.
   - B. provide a single centralized client intake point where each individual's needs can be accurately assessed.
   - C. provide a single delivery system to all employees.
   - D. provide a single point of contact with a given employer when performing employer relations, job development and placement activities. Strong, effective marketing techniques should be implemented to support these activities.
   - E. devise and incorporate elements and services which are closely coordinated, non-competitive and non-duplicative.
   - F. be afforded the flexibility to define its own programs which would best serve that area's specific applicant and employer needs, to design and

implement required training programs, and to refer qualified people in support of that area's employers' short range AND anticipated long range needs.

G. utilize a single advisory board consisting primarily of employers (both private and public sector) but which may also be comprised of additional representatives from local government, education, labor, economic development and other employment and training and community based organization activities operating in that labor area. This board should have a strong role in directing the development of employment and training policy and the evaluation of all aspects of operational area performance. Advisory boards should operate principally at the local level, but also operate at the state, regional, and national levels. Advisory board members should be elected up through the system to provide meaningful input to state, regional and national levels on performance of the system.

H. define and meet specific goals and cost-effective performance requirements, as defined by the state, in support of general national policies and goals.

I. be required to interface effectively and efficiently with community based organizations, economic development, enterprise zones, and vocational education activities, human services groups, and all primary and secondary education and training activities.

2. Reporting and paperwork requirements must be drastically reduced at all levels. A simplified performance reporting system should report results rather than a myriad of unnecessary detail.

3. The employment and training system should not be required to perform enforcement and compliance activities on employers. Any such activities should be the responsibility of other governmental agencies (for example, the Office of Federal Contract Compliance Programs).

Performance

1. At every level the cost-effectiveness and overall performance of all programs should be continually measured. Funding should be based, in part, on past performance.

2. FUTA tax funds should continue to be used primarily for placement and temporary income maintenance activities. General funds (with a negotiable percent of state matching funds) should be used primarily for training and employability development activities, although general funds could also be used to provide additional support to placement activities. The requirement for partial matching with state funds should help ensure the cost-effectiveness of the employment and training system would be of strong concern to both the state as well as the federal government.

3. Advisory boards (consisting primarily of employers) should have significant input on matters relating to planning, funding and performance evaluation at the local, state and the national levels.

Funding

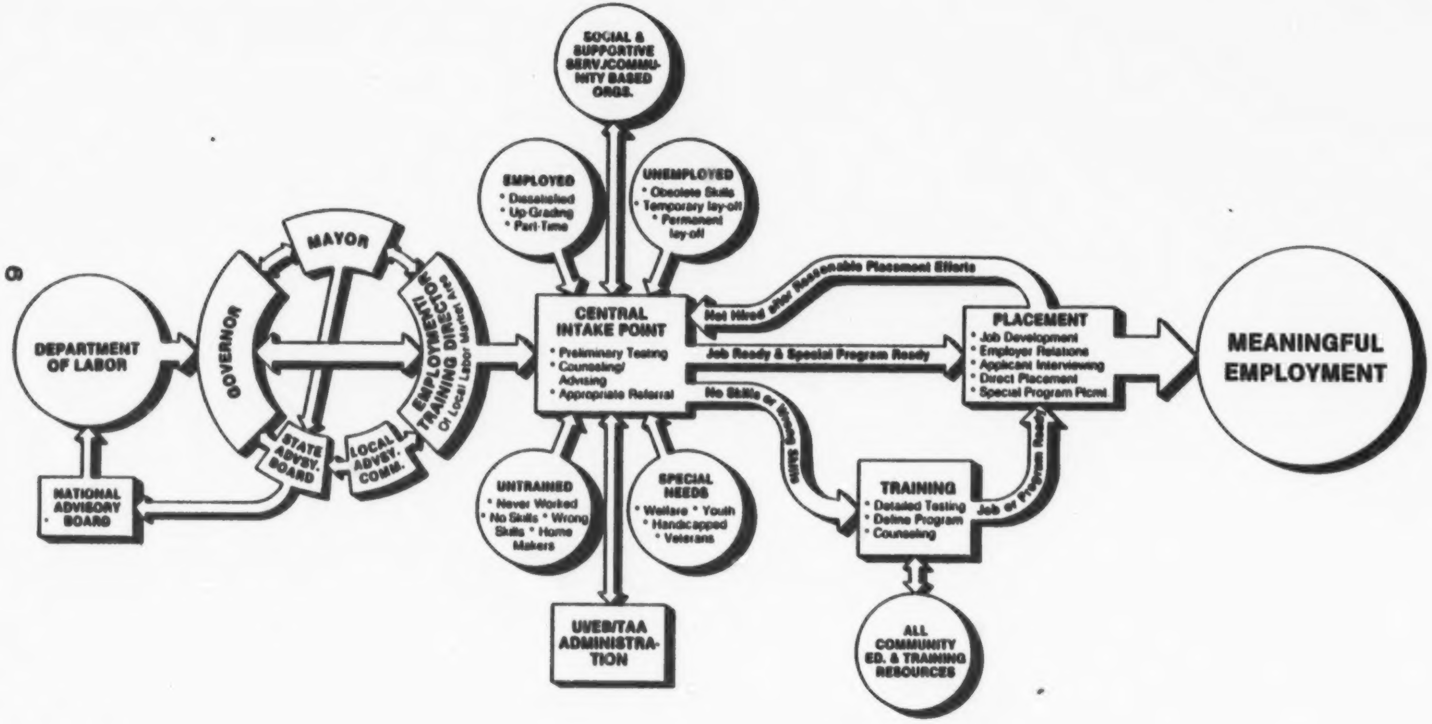
A funding formula should take into consideration: (1) the need to provide adequate temporary maintenance and to prepare and place currently unemployed persons into existing jobs, (2) the need (in various geographic areas) to train people to meet future job requirements and skills, and (3) the need to provide an incentive for (and to reward) excellent sustained performance.

The employment and training system should be funded through dual block grants from the federal level to the governors of each state. One of these dual grants should consist of FUTA tax dollars which should be used for placement, intake and temporary income maintenance program activities. Funding should be based on a formula incorporating: (1) number of placements, (2) cost per placement, (3) potential for placements in that area, and (4) the unemployment rate. Annual performance criteria would be inherent in the above funding criteria.

The other segment of the dual grant could consist of federal general funds to be used primarily to support education and training activities. These funds, however, could also be able to be used, as necessary, to support intake and placement activities. This grant could also require a variable matching state funding amount based on the percent of students completing 12th grade and the average reading and math test scores of those graduating students in a given state. In other words, the better a given state performs in educating its youth, the lower the level of matching state funds required. This funding to each state could be based on: (1) a formula incorporating the number of unemployed per present and projected long range job openings and (2) a factor to reflect past performance. Performance could be measured by defining training credits (similar to high school or college course credit hours) for each type of training. Accumulated successful training credits performed would then be divided by the total cost, generating an average cost per completed credit.

Figure 1.

Consolidated National Employment & Training Model



SOCIAL & SUPPORTIVE SERV./COMMUNITY BASED ORGS.
EMPLOYED
• Dissatisfied
• Up-Grading
• Part-Time
UNEMPLOYED
• Obsolete Skills
• Temporary lay-off
• Permanent lay-off
DEPARTMENT OF LABOR
NATIONAL ADVISORY BOARD
GOVERNOR
MAYOR
EMPLOYMENT/TRAINING DIRECTOR
Of Local Labor Market Area
STATE ADVSY. BOARD
LOCAL ADVSY. COMM.
CENTRAL INTAKE POINT
• Preliminary Testing
• Counseling/Advising
• Appropriate Referral
Not Hired after Reasonable Placement Efforts
Job Ready & Special Program Ready
No Skills or Wrong Skills
PLACEMENT
• Job Development
• Employer Relations
• Applicant Interviewing
• Direct Placement
• Special Program Plcmt
MEANINGFUL EMPLOYMENT
UNTRAINED
• Never Worked
• No Skills • Wrong Skills • Home Makers
SPECIAL NEEDS
• Welfare • Youth
• Handicapped
• Veterans
UI/ES/TAA ADMINISTRATION
TRAINING
• Detailed Testing
• Define Program
• Counseling
Job or Program Ready
ALL COMMUNITY ED. & TRAINING RESOURCES

Responses to Remaining Legislative Issues

1. What is the appropriate role of the private sector?

First, distinctions between the private and public sectors should be minimized. Reference should be made to employers, private or public, who have jobs to fill. The needs of each are essentially the same; finding or preparing qualified applicants who will perform satisfactorily.

Since employers provide most of the occupation-specific training, it is imperative that employers should be encouraged to continue and expand their training efforts. Tax credit programs (similar to the TJTC program) should be expanded and given a chance to work and have their effectiveness evaluated not only during the recent past recessionary times but also during an expanding economy.

Employers should also play a key advisory role in the operation of the training and delivery system - from planning through evaluation - including program development, goal setting and implementation and program monitoring. Meaningful employer involvement, mutual education and an ongoing dialogue should help to sustain continued improvement in the design and performance of a consolidated employment and training system.

2. What should the federal management responsibilities be?

The federal government should play an auditing and a supportive role: establish a framework within which state and local entities may operate with flexibility and yet some degree of continuity; assist in communication of broad national objectives; coordinate allocation of resources; reduce federal paperwork and reporting requirements to a minimum; monitor and evaluate performance and evaluate progress toward the broad national goals and objectives.

Maximum responsibility for the management of programs should be at the state and local levels where actual individual community needs are more readily identifiable. States should be held accountable for efficient program performance.

3. What are the economics of employment and training investments?

There are many, many job openings in these United States, and there are also many, many people who are unemployed. It may take a generation or more to improve the school system, to reinstill national pride and the work ethic in many who will be entering the labor market and to turn around the culture of the "now generation".

Reduced unemployment, reduced unemployment compensation payouts, reduced welfare payouts, increased national productivity and reduced crime are ALL possible. All should be used to measure the success of a national employment and training program. Achieving these desired results must be a nationwide task. The good probability that these goals can be achieved, in time, justifies continued efforts to redesign and improve our national employment and training system.

Senator **Quayle**. I thank the distinguished panel.

I have just one question, and each of you may take a crack at it if you want.

I would like to explore with you the definitional term of what role the employer, the employers in the private sector, should have with planning of the operations of our new training program.

Do you believe that there should be an expanded role for the private sector?

Do you believe that the private sector ought to be involved in planning?

And do you believe if acceptable to the chief elected official of the service delivery area and PIC Council, if they want to administer the program, do you feel that this is a proper way to go. Could you eludicate on what role you think the employer should have basically, should it be just advisory, or are we talking about substantive or concrete responsibilities?

If no one will volunteer, I will start at the top of the list.

Mr. Gardner.

Mr. **Gardner**. We certainly believe there should be a greater role for employers in the training, both in the planning and in the execution of the training, where it fits their roles.

Employers are, of course, aware of most of their own jobs and, therefore, they should have a good deal of input into the planning and into the training that is given, to make sure that training matches the availability of the jobs.

However, I'm a little concerned that employers don't always know all of the things that are developing as far as new occupations are concerned, and I feel that is a skill that the employment security system is developing more and more, and we need to develop this skill more to be able to project the new occupations, occupations that are declining, so that we can avoid training in those areas, but make sure we get training in the areas of growing occupations.

But certainly private employers need to be involved in this system very much.

Senator **Quayle**. So you see an expanded role for the private sector?

Mr. **Gardner**. Yes, definitely.

Mr. **Snelling**. The employer should be involved.

Care must be taken we do not just involve the large employers. All the jobs created in the last two decades in this country were created in the private sector by the small employers, those employing under 500 people. They are the ones you have to reach.

The best way to do that is through local chambers of commerce and representatives of those smaller employers.

Senator **Quayle**. Under the bipartisan bill, there is a requirement for the local PIC Council to be 51 percent, thus getting to 51 percent private sector.

It doesn't say the large or small business, and I certainly concur 80 percent of the new jobs, I believe, to be found in the small business. And so I would certainly hope and anticipate it wouldn't just go to the larger employers.

Do you believe that the PIC Council make up of having 51 percent is proper?

Mr. **Snelling**. Yes; I would concur with that.

Senator **Quayle**. Mr. Weber?

Mr. **Weber**. I agree with 51 percent.

I would rather see 60 percent, which is the case of our combined employment and training council known as the Governors' employment and training forum in the State of North Dakota. It's been my pleasure to serve as a PIC chairman for 2½ years and to serve on the Governors, Employment Training Council and to have had the opportunity to see these programs in action.

We seem to always use the term "advisory" without defining what it means. I would like to see a future system provide a role for employers in the development of the performance standards that are going to be used to judge and evaluate the system.

I would also like to see a role for employers in evaluating the specific kind of projects that are carried out, both before and after they are funded.

This is the design of what we are going to do in the State of North Dakota. We have 60 percent business people on the Forum, the PIC is combined with the Governors' Employment Training Council and the regional employment training structure.

So we have only one body now instead of formerly six.

Senator **Quayle**. Mr. Hawkins.

Representative **Hawkins**. Let me first of all say that I certainly believe that Employment Service should be given a key role in employment and training programs and that consolidation serves a certain desirable purpose. The House proposals include some very good examples of consolidation, even from current law, and probably had the right people at the proper funding and the incentives which one would need in order to effect the consolidation if there are some good models already existing.

However, Mr. Gardner, let me ask you this, more specifically, in relation to the cutbacks. At the time when unemployment has been rising and as I recall about 1966 to 1981, when the labor force of the Employment Service was frozen at 30,000—before we had this problem, there was already a freeze in the Employment Service during the period of time when the labor force was expanding in the country—the goal of the Employment Service was tremendously increased so that it became involved in matters other than being a labor exchange program. In other words, there was a tremendous increase in the Employment Service's workload.

Now, with that background and, in view of the fact that we have already reduced the administrative responsibilities of the staff of the Employment Service, and given the fact that the administration's budget calls for further reductions for the Employment Service, how can we rationalize this movement in the opposite direction in terms of getting the resources to the Employment Service in order to handle the responsibilities already imposed on it and which would be still increased under the administration's proposal.

In other words, are we in effect, doubletalking when we talk about the Employment Service being given zero at the same time that we are reducing its resources to deal with the problem that it already has. In what way can we effectively deal with the subject of using employment services as a key factor if we do not give it money with which to work?

Mr. **Gardner**. Of course, in order to do a job we would have to have the resources.

You are speaking—you spoke about the U.S. Employment Service dropping staffing levels from 30,000 down to 24,800 now, and then the administration bill for fiscal 1983 proposing 21,000. Of course——

Representative **Hawkins**. Which is a third cut in staff.

Mr. **Gardner**. Yes; that is correct.

Representative **Hawkins**. Do you think that efficiency has been increased, waste eliminated, and the program better managed as a result of this?

Mr. **Gardner**. Well, we are trying to work smarter, no question about it.

We have to work smarter in order to help workers to find work, help a growing labor force with limited resources. We feel that we can meet that challenge.

We are certainly going to work smarter. Our appeal would be that we retain a 24,800 level funding for the Employment Service for fiscal 1983, and then we would take that resource and mobilize it to the fullest extent we can to get the most from it through, as I say, working smarter, by doing some things differently than we have done in the past.

We do feel we have a very strong basic expertise there, that will dovetail very well into the employment and training programs when it comes to selection of candidates to go into the employment and training programs.

Representative **Hawkins**. If we reduce you another 50,000, you think you would be that much smarter?

Mr. **Gardner**. We have reached a limit, I believe.

Representative **Hawkins**. Does it seem this is a convenient place you have reached where the signs of the labor force is exactly equated with your smartness?

Mr. **Gardner**. Well, we are trying to go along with what the administration wants to accomplish by cutting Federal expenditures.

At the same time, we feel we have gone about as far into the cuts as we can go and still have a viable national Employment Service.

Representative **Hawkins**. You're going to lobby, as you can't help yourself, which is pretty much the situation of others who appreciate the adverse impact of these cuts.

Mr. **Gardner**. We are bowing to the wisdom of the Congress.

Representative **Hawkins**. You mentioned the WIN program. There have been some statements and innuendoes that various programs have not worked.

What has been your experience with the WIN program?

Mr. **Gardner**. In Utah, we return $9 in welfare expenses for every dollar that we spend in the WIN program.

Representative **Hawkins**. Would you repeat that?

Mr. **Gardner**. We save $9 in Utah in welfare expenses for every dollar that we—it costs us to operate the WIN program.

Representative **Hawkins**. I figure that is pretty cost effective.

I can't see how reducing the WIN program or making changes in it will improve the budgetary situation that we are faced with and normally works to a disadvantage. It seems to me that this is a question of fiscal restraint or cost effectiveness. If that is the situation now, then it isn't just that we seem to be tampering, but that we also are reaching some of the good programs.

Mr. **Gardner**. We could certainly urge the continuation of the WIN program. In my opinion, it is an outstanding program.

Representative **Hawkins**. Thank you.

Senator **Quayle**. Mr. Jeffords.

Representative **Jeffords**. Thank you, Mr. Chairman.

First of all, I'd like to explain the absence of Ms. Dragon from Vermont.

She had a sudden illness in the family and I would ask permission to place into the record her statement as if read.

Senator **Quayle**. Without objection, so ordered.

[The prepared statement of Sandra D. Dragon follows:]

Prepared Testimony of -

Sandra D. Dragon

Commissioner

Department of Employment and Training

State of Vermont

Prepared for the Joint Hearings of -

The Senate Sub Committee on Employability and Productivity

and

The House Sub Committee on Employment Opportunities

Washington, D. C.
March 15, 1982

Prepared Testimony of Sandra D. Dragon, Commissioner of Department of Employment and Training, State of Vermont.

Honorable Senator Daniel Quayle, Chairman of the Senate sub-committee on Employment and Productivity, Honorable Congressman Augustus Hawkins, Chairman of the House sub-committee on Employment Opportunities, and members of the committees, I am honored to have this opportunity to testify today at these joint hearings.

I've been involved with employment and training programs over the past 20 years. I am currently the Commissioner of Employment and Training in the state of Vermont. My responsibilities not only include overseeing the operations of the Unemployment Insurance Program, and the Job Service, but also responsibility for the Balance of State CETA programs—the only Prime Sponsor in Vermont—and the sponsor of the Work Incentive Program.

In January 1981, a special Cabinet for Employment and Training was formed, consisting of the Secretary of the Agency of Development and Community Affairs, the Commissioner of the Department of Employment and Training, the Commissioner of the Department of Social Welfare, the Commissioner of Labor and Industry, the Director of State Planning, and the Commissioner of the Dept. of Education, connecting all parts of the employment and training system--training, employment, income transfer and economic development--at the policymaking level. Simultaneously, Act #66 was passed incorporating the Vermont Comprehensive Employment and Training Office, Vermont Job Service and Unemployment Insurance together under a newly created Department of Employment and Training.

The roles of middle management and operations level people were reorganized to work more cohesively than ever before. A good thing had been made better; in fact, the Vermont System is being viewed as a model by many other Primes in the Nation.

My experience as well as the combined experiences of other members of the employment and training structure in Vermont have shaped the perspective from which we have approached and considered the need for new direction in employment and training policy.

We have reviewed all the currently proposed legislation. We find that we cannot support any one proposal in total. There are, however, basic principals in each that we believe to be essential, certain issues which these principals raise that we should particularly support and specific items which these issues contain that bear careful consideration.

I. Providing a legislative structure for employment and training programs for people should be recognized and designed as an essential element in the overall strategy of our national economic Policy. People are an economy's most important resource. Preparing and maintaining this entire resource as contributors to and beneficiaries of the national economy is a sound investment. Overlooking, discarding, ignoring or simply supporting certain groups among our population resource as less profitable or poor quality has now become a hazardous and expensive waste.

1. We support a continuing commitment through employment and training legislation to serve the unemployed,

underemployed and the "working poor" who are economically disadvantaged, with particular attention targeted to subgroups with physical, educational, sociological or demographic characteristics which present barriers to their employment.

2. We support less restrictive prescriptions for how we must meet the needs of each particular group through the elimination of multiple titles and grants which establish contrived and complex eligibility criteria and essentially duplicate those activities and services already available. Such prescribed programs at the national level frequently inhibit participation, tend to discriminate among target groups as to their access to the full range of supported activities and services and consistently multiplies the administrative burden on already reduced grant funding levels.

   a. In order to improve the effectiveness of preparing and maintaining these population groups we would encourage the following aspects in the design of employment and training legislation:

      - A single eligibility criteria for participation in government subsidized training programs and employment programs based solely on individual income as determined nationally and adjusted to state and standard metropolitan income averages with priority to subgroups with recognized barriers as determined within local jurisdictions by their incidence among the income eligible population.

- A clear recognition throughout the development of employment and training policy of the distinctly different character of need in rural versus urban environments.

- Reduce national administrative costs through the establishment of a single title for employment and training programs which will serve all identified target groups at the levels determined to be appropriate by their incidence among the eligible population for the jurisdiction of the delivery area.

II. Providing a coordinated and consistent system for employment and training programs should be the framework upon which employment and training legislation is built. A national economic policy demands a national employment and training system. Systems are designed to enhance the productivity of a process. The only acceptable produce in the employment and training process should be good jobs for people. The framework for a productive national economy is good jobs for all the people.

1. We support the reorganization of the system which recognizes the state as the most appropriate unit of government to administer the programs with respect to determining the most appropriate levels of clients to be served from among the targeted population groups, and the specific mix of services and activities which shall best respond to those clients' needs.

2. We support the delegation of responsibilities and authority to states.

3. We cannot support legislation which would completely discard the structure of the current employment and training system. This would effectively forfeit a tremendous public investment in the development of a network of employment and training professionals throughout the nation. Further, it would discard the knowledge of experience in the planning and replanning, design and redesign, delivery and modification of delivery, as well as evaluation and accountability, which has already brought significant change with the current system over the past years.

4. We endorse legislation that would allow for a full fiscal year for transition to new legislation and a reorganized employment and training system to assure accurate cash reconcilliation and property disposal, avoid layoffs of trained staff and large terminations of clients and to honor employment and training commitments to clients which may extend beyond the end of the federal fiscal year.

   a. In order to strengthen and improve the productivity of the system we would recommend the following aspects be considered for the system to be constructed in the employment and training legislation:

      o Improve the stability, the productivity and the cost effectiveness of the employment and training system through the establishment of two-year planning and fund appropriation cycles brought into congruence with other federally supported systems with interrelated mandates and goals, such as the vocational education system.

      o Local units of government with a population of 500,000 or more should be eligible as an area to deliver programs and services with nationally allocated funds passed through the state and with the approval of the governor.

- Performance criteria should be established as a significant factor in the funding formula allocation at the national level. The criteria should be developed from national standards but should include factoring and weighting mechanisms to accommodate differences in client service levels, program mix and economic conditions among state jurisdictions.

- Funding formulas should be based on relative proportions of population within a funding jurisdiction and not population numbers as a percentage of the national level. At least 50% of any discretionary monies allocated and set aside should be distributed directly to state applying for demonstration programs.

- Responsibility for the accountability, including audits, of federal employment and training funds should be delegated to governors, with federal oversight and review responsibilities.

- Allow the states the flexibility to design programs that will meet the needs of their constituents, including the determination of whether wage and/or allowance programs are necessary. In addition, employment competencies for youth (bench-marking) should be established by the state.

III. Providing the most carefully constructed employment and training legislation--one which contains a process of the most sophisticated design and is supported by the strongest system imaginable--is not enough. Even such a law, carried out to the letter, could not, by itself, begin to shape a productive economy. Events and issues caused by other processes and systems constantly influence the human resources that enter the employment and training process to prepare for work. It is the interaction of these various social structures which creates the dynamics of our social environment. Only through a concerted effort at all levels of government to consult and consider these various social structures can we begin to direct and drive the employment and training process toward positive economic change.

1. We support coordination among the various social structures that would eliminate the proliferation of advisory bodies.

2. We support the continuation of efforts to integrate the employment and training system with a firmly established labor exchange system within the structure of state employment security agencies in order to reinforce the interaction of their two shared client population--employers and potential employers with employees and potential employees.

3. We support the interaction of social service support systems with the employment and training system in order to reinforce the potential for work preparation while maintaining a level of support essential to allow movement into the employment and training process.

    a. In order to coordinate the dynamic interaction of various social structures with employment and training legislation we would endorse the following aspects of providing support to a national system.

- A single advisory body should be established through a state determined process which would be comprised of representation from both the public and the private sector and would incorporate the functions currently distributed to those councils established under the Wagner-Peyser, the Apprenticeship Act, and the Vocational Educational Act, (including the Vocational Education Council and the State Occupational Information Coordinating Committee).

- The labor exchange system should remain intact within the employment security structure, but coordinate its process through mutual integration with the process for employment and training.

EXECUTIVE SUMMARY

Prepared Testimony of Sandra D. Dragon, Commissioner of Department of Employment and Training, State of Vermont.

Honorable Senator Daniel Quayle, Chairman of the Senate sub-committee on Employment and Productivity, Honorable Congressman Augustus Hawkins, Chairman of the House sub-committee on Employment Opportunities, and members of the committees, I am honored to have this opportunity to testify today at these joint hearings.

I've been involved with employment and training programs over the past 20 years. I am currently the Commissioner of Employment and Training in the state of Vermont. My responsibilities not only include overseeing the operations of the Unemployment Insurance Program, and the Job Service, but also responsibility for the Balance of State CETA programs — the only Prime Sponsor in Vermont — and the sponsor of the Work Incentive Program.

My experience as well as the combined experiences of other members of the employment and training structure in Vermont have shaped the perspective from which we have approached and considered the need for new direction in employment and training policy.

We have reviewed all the currently proposed legislation. We find that we cannot support any one proposal in total. There are, however, basic principals in each that we believe to be essential, certain issues which these principals raise that we should particularly support and specific items which these issues contain that bear careful consideration.

I would now like to summarize those basic principals for you and briefly state the issues which we believe thos principals support.

> First; employment and training programs for people should be recognized as essential to our national economic Policy. People are an economy's most important resource. Preparing this resource for work is a sound investment. Overlooking, discarding, ignoring or simply supporting certain groups among our population as less profitable or poor quality has now become a hazardous and expensive waste.

1. We support a continuing commitment through employment and training legislation to serve the unemployed, underemployed and the "working poor" who are economically disadvantaged.

2. We support less restrictive regualtions by eliminating multiple titles and grants which establish contrived and complex eligibility criteria and programs that duplicate activities and services already available.

I see a second basic principal, which is that a national economic policy demands a national employment and training system. A strong system increases productivity. The only acceptable product for employment and training programs should be good jobs for people. The basis for a strong national economy is good jobs for all the people.

1. We support a reorganization of the system which recognizes the states as the most appropriate unit of government to administer the programs.

2. We support the delegation of responsibilities and authority to the states.

3. We cannot support legislation which would completely discard the structure of the current employment and training system.

4. We endorse legislation that would allow for a full fiscal year for transition to new legislation.

Finally, I see a third pincipal, which is that even the most carefully constructed employment and training legislation is not enough. Even such a law, carried out to the letter, could not, by itself, begin to shape a productive economy. Only through a concerted effort at all levels of government to consult and consider the interactions of the many social systems driven by national legislation can we begin to direct and drive the employment and training process toward positive economic change.

1. We support the elimination of multiple advisory bodies with overlapping responsibilities.

2. We support the continuation of efforts to integrate the employment and training system with a firmly established labor exchange system within the structure of state employment security agencies.

3. We support the interaction of social service support systems with the employment and training system in order to reinforce the potential for work preparation.

Representative **Jeffords**. Mr. Snelling, I appreciate your guidance and help.

I have one question which I would like to ask, and in connection with what Mr. Hawkins was asking.

I am wondering what kind of disincentives there are? What changes should be made to the present system which provides, really, only awards and incentives for jobs that are actually placed by the employment security people rather than assisting the job search. Should there be changes in that area to allow you to become more efficient and effective with existing dollars?

Mr. Gardner, would you like to comment?

Mr. **Gardner**. I am sorry, could you repeat that?

Representative **Jeffords**. As I understand the present system, there is no credit given for jobs that are the result, in other words, of self-assistance as in jobs clubs?

Mr. **Gardner**. No; I am not.

Representative **Jeffords**. Let me explain that.

That was an experimental program conducted in Lowell where people were given information and training on how to find jobs themselves. The experience was that most people who participated in the programs were very successful in finding their own jobs with guidance, rather than having the Employment Service people go right out and find the jobs for them.

In other words, they were given training on how to make phone calls and how to interview. Many more were serviced, and successfully, with fewer dollars, and as I understand the present system, the only credit the Employment Service gets for that service is who they actually place themselves.

Would you comment on that?

Mr. **Gardner**. Yes.

We have in Utah a program similar to that that we were into with the WIN program in connection with the WIN program, also in connection with the unemployment insurance program, where we teach people how to go find a job for themselves.

Now, we had a national reporting system called the ESARS system, beginning this year, it gives credit to the Employment Service for helping people learn how to find jobs. And we believe with that kind of thing, this is part of working smarter, working with groups of people rather than one on one situation, where you have an interviewer working with a jobseeker, you have an interviewer working with groups, teaching them how to find their own job.

We would strongly urge more credit in that area, job-seeking or job-assistance credit rather than placement credit. Our experience shows that it works. It is quite effective.

Representative **Jeffords**. Thank you.

Mr. Weber.

Mr. **Weber**. I think that for many years the system had built into it many disincentives to perform in an acceptable manner. Our group has felt for a long time that one of the things missing from the system was a way to reward an individual employment service agency for outstanding performance. There seems to be a whole range of ways in which performance is measured by the Department of Labor as a basis for allocating funds to the State agencies.

I am not sure that any performance standards existing today are the proper measures or proper combination of measures. But I don't think the Department has ever really made the effort to go out and find out in the employing community how we look at the agencies and upon what basis we judge whether or not it is efficient, and that is part of what I was making reference to previously about the fact that the advice of the employer's community has not always been well received and well taken by people in the positions of responsibility, of the Department, who make these kinds of decisions.

And I think we have to ask people in the private and public sector who are employers what they think should be the standards by which the system is judged, and if they should have the opportunity to recommend a reward system or a possible range of rewards for outstanding performance.

Mr. **Snelling**. The bulk of the people in this country find jobs on their own; 15 percent are placed through private-sector employment service, and another 15 percent through the State employment service, so 70 percent find their own jobs, but the others do need help.

Either they want the best job possible for their skill and what they have to offer, or they need a job. We are finding in Pennsylvania where we are placing the welfare people, they have been unemployed for 1, 2, 3 years, and they have just given up.

Yet we have taken them and turned them around and have them working within 1 week or 10 days at the most. If that had been done 2 years ago, a lot of welfare would have been saved, a lot of unemployment compensation would have been saved.

I say we keep having the blind leading the blind, people teaching others to get ahead when the pros are there ready, willing, and able to do the job. We are doing that in Pennsylvania on a cost-effective basis.

Representative **Jeffords**. Thank you.

I think all the bills require some consolidation as far as planning goes, and I am wondering if you would comment as to whether or not you believe the bills or any of them are sufficient in that area, whether you recommend any changes?

Mr. **Gardner**. We believe in the training coordination in most of the bills. The coordination most of the bills called for is pretty adequate. We believe there should be planning at the local level, so that the whole system is going in the same direction, and all are working together to use the resources. As resources get short as they are now, you just simply have to do more to work together.

Senator **Quayle**. Anyone else like to comment?

Mr. **Snelling**. I would like to ask, in all of these recommendations that have been made, no one said that they should include the private-sector employment services on any of these committees, and these are the people who know where the jobs are, know what the jobs are all about.

They should be included in the planning, and they should not be left out in the cold, just because they are competitors to the Government system of placing people.

Representative **Jeffords**. Thank you.

Senator **Quayle**. Mr. Petry.

Mr. **Petry**. No questions.

Senator **Quayle**. I want to thank our panel very much for your input, and we appreciate it.

Our next panel is William Edgerly and Mr. Mundel.

Before you gentlemen proceed, Senator Kennedy, he is not going to be able to make it back this afternoon. He sends his regrets and, furthermore, and most importantly, he has told me that not only is he very familiar with the program, but he says that this is a model on how the private sector and public sector get along, to provide a very good atmosphere.

So we do have a very high expectation, to live up to, in your short testimony.

Mr. **Edgerly**. We appreciate the support.

Senator **Quayle**. So with that, Mr. Edgerly.

STATEMENT OF WILLIAM S. EDGERLY, CHAIRMAN AND PRESIDENT, STATE STREET BANK & TRUST CO., AND CHAIRMAN, BOSTON PRIVATE INDUSTRY COUNCIL

Mr. **Edgerly**. I appreciate the opportunity to contribute to this subcommittee.

I am going to summarize my submitted testimony to a very shortened version.

We think we have taken some useful steps in Boston for the kind of programs which ought to exist more broadly. The central idea is partnership, genuine partnership with the private sector, specifically business, with an interest in a particular community, and the public sector.

Federal legislation cannot mandate a local partnership. It can only create the climate in which it may occur. With this in mind, I would like to talk about the Boston Private Industry Council.

Although it was incorporated in the spring of 1979, some of the decisions which have had great impact on its success were made prior to incorporation. First and most important of these was our determination to involve the leadership of the business community in the PIC. It is leadership which makes organizations resourceful and effective.

We knew that if a new private industry council was to make its mark in the city of Boston, it would have to reach out to the chief executive officers of the major local corporations. The willingness of these Boston executives to join the council gave it early credibility and long-term viability.

We decided that the Boston PIC would be a broad-based organization, not restricted to CETA money or CETA issues. It was important that we be capable of influencing those key institutions, such as the public schools—whose efforts are so clearly linked with the quality of the work force.

We decided to hire top quality professionals to staff the PIC. It is naive to assume the functions of the council can be performed by loaned or part-time staff. As businessmen, we have learned it takes good people to sustain a successful enterprise. PIC was no exception.

During the past 3 years, the Boston PIC has come to assume a central role in the employment and training system of Boston. We have done so in close cooperation with the municipal government. Each year we have expanded our programs, tried new ideas, reached out to more communities, agencies, and local businesses.

Our vision sees this trend continuing, building a strong local partnership. Public-private partnerships need a focus on real communities, on places which have an identity. Such a partnership can be effective and can lead to action.

In our case, the locality is clear, the city of Boston.

I would support legislation which has these four features: A decisionmaking role for business; continued involvement of local government; flexibility in program, targeting, and management; central administration responsibilities for the PIC, where the PIC and local government agree this is desirable.

I'd like to comment on a few specific issues.

One, there is a real and useful role for State government in a revamped employment and training system.

Governors should review and approve local plans, set expected performance levels, and determine eligibility for incentive payments.

Second, in Boston, welfare recipients and school dropouts are not the only people that need employment help. Displaced workers, ex-offenders, school youth, ought to be included.

Third, no innovation in 1982 is more important than the introduction of meaningful performance measures for adult programs. We should develop a ratio which compares income gains against the cost of training. If the PIC achieves a high ratio, it should be eligible for extra funds from an incentive pool. One way to achieve such a ratio would be to secure matching funds from the private sector.

Youth programs should also be judged on performance, except that our measures must be more flexible and take into account staying in or returning to school.

Fourth, I think the employment service should be consolidated into the employment and training system as has been proposed by Congressman Jeffords.

In an era of tight resources, it is critical we focus our efforts in one unified approach.

Fifth, in addition to being chairman of the Boston Private Industry Council, I am also the regional chairman for New England of the National Alliance for Business.

Throughout my testimony, I referred to the importance of local partnerships. The idea of partnership applies as well to the State, regional, and national levels. The National Alliance for Business can make a significant contribution to these partnerships, which support and make possible what we are doing locally.

Finally, effective private sector participation cannot be legislated. You can create a combination of strictures and incentives that may elicit their participation, but it cannot be mandated.

Let me give you some ideas on how to do this, how to gain effective participation.

First, give the PIC freedom to deal with issues that are of concern to business, like the public schools and skills shortages.

Second, be sure it has real decisionmaking power. If it is only an advisory group, you will lose the attention of busy people on the board.

Third, find a way to provide for forward funding.

When we learn our 1982 budget 6 months after the fiscal year begins, we feel ineffective and wouldn't want to repeat the practice.

I thank you again for the opportunity to share my views.

In Boston, the city and private sector are working together to improve job prospects for our residents. The public and private partnership in Boston is progressing, but it is far from complete.

We have only created the foundation from which to grow. We hope that the new Federal policy will help us and others to build effectively.

Thank you.

[The prepared statement of Mr. Edgerly follows:]

STATEMENT OF

WILLIAM S. EDGERLY
CHAIRMAN AND PRESIDENT
STATE STREET BANK AND TRUST COMPANY OF BOSTON

SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

MARCH 15, 1982

We are here to discuss the future of programs which serve the structurally unemployed. I believe the new directions being considered, both by the committee and by the administration are promising and deserve strong support. I appreciate this opportunity to contribute to the discussion, and to help determine the policy mix that will serve our common purposes best.

The programs which have existed through CETA and which the bills before you propose to improve are not stopgap measures aimed at an insignificant portion of the workforce. Rather, they are programs crucial to economic recovery. These programs can -- and should -- affect many different groups. They can help reduce skill bottlenecks and thereby increase productivity. They can provide assistance to youth at a time critical to the development of good basic skills and a positive attitude towards work. They can assist immigrants, the handicapped, and the chronically unemployed to gain the income and self-respect which comes from participating in the workforce. By working closely with other initiatives, they can play an important role in the effort to revitalize our nation's cities and poorer rural areas.

As David Mundel has described, we think that in Boston, we have taken some useful steps towards the kind of programs which ought to exist more broadly. The essential idea is a partnership, a genuine partnership in which the private sector -- specifically, business with an interest in a particular community -- and the public sector -- both local government and community agencies -- join forces to plan, fund, and operate the programs they need. Federal legislation cannot mandate a local partnership; it can only create the climate in which it may occur. Adroit and sensitive interpretation of past experiences provides valuable clues to shape federal policy.

With this in mind, I would like to talk about the Boston Private Industry Council. Although it was incorporated in the spring of 1979, some of the decisions which have had the greatest impact on its success were made over the course of extensive discussions prior to incorporation. There had already been considerable experience in Boston with attempts to solicit business participation in employment programs. The Private Sector Initiative Program offered a major new opportunity, but we knew it would fail if the design of the PIC were not based on the hard lessons from other attempts.

Our discussions led to a number of key decisions which we believe have been vindicated by the achievements of our PIC since 1979. These decisions can be grouped into seven principles. The first and most important was our determination to involve the leadership of the business community in the PIC. It is leadership which makes organizations resourceful and effective. If a new Private Industry Council were to make its mark in the city of Boston, it would have to reach out to the chief executives of the major local corporations. These would be the companies which identify themselves with Boston, either because they are headquartered there or because they have significant operations in the city. We knew that if we attracted business leaders we would benefit, as well, from their influence in the community -- and in their own companies. The willingness of other Boston executives to join the Council gave it early credibility and long-term viability.

Our second decision related to the way the Board of Directors would function. We decided to treat it as we treat our own Boards. Only the elected members could attend; no substitutes. The Board would be well-briefed and would spend its limited time making the key policy and program decisions. Although small businesses would be included, the majority business representation would be drawn from large companies -- companies with the time and resources to invest in the PIC. The Board of Directors of the Boston PIC is not an advisory committee. Its deliberations are not redundant. It is the cornerstone of the organization.

Third, we spent some time defining our central mission. As we see it, the PIC exists to expand job opportunities for Boston's unemployed and disadvantaged residents. This goal it shares with a host of public and private organizations. Its special mission, its unique contribution, was to serve as a bridge between the public and private sectors. Though business dominated the Council, we viewed ourselves as collaborating with the city government to improve services to the disadvantaged. By doing so, we were explicitly recognizing the inevitable role of local government and the practical limits on business participation. We were not adventurers trying to pluck the best opportunities from community agencies or city government. We were not trying to "take over". We wanted to make existing programs better and to introduce new ideas into the system.

Our fourth principle was that the PIC would be a broad-based organization not confined to CETA issues. One of the chief problems confronting employment programs in Boston had been the fragmentation of services. There were dozens of organizations trying to help the unemployed. Businesses dealt with employment needs quite independently of one another. The array of relevant public services was wide but disparate -- one city agency was responsible for CETA, another for economic development in the neighborhoods, yet another for downtown redevelopment.

We knew enough from experience to realize that the PIC would have to develop -- it could not demand -- sound cooperative relations with these different agencies. We knew that we would also have to acquire, gradually, recognition within the business community of the PIC as the vehicle for employment programs. To accomplish these objectives would require that we view our mission broadly.

The problems of unemployment are not confined to the lack of job skills or the absence of the right connections. Economic growth leading to an expansion in the number of jobs is essential, especially for cities which like Boston have seen considerable decline in the post-War period. Even with growth, such as Boston has seen in the last few years, there are problems translating downtown expansion into neighborhood development.

The lack of job skills itself is often a direct result of ineffective public institutions. So long as our programs focused solely on remediating individuals, ours would be a stopgap effort. It was important that our plans, over time, be capable of influencing those key institutions, such as the public schools, whose behavior is so linked with the quality of the workforce.

Thus, we decided that the Boston PIC would be a broad-based organization not restricted to CETA money nor to CETA issues. You will see the results of this when I describe some of the programs we are operating.

In line with this plan came our fifth decision which was to serve both individuals and businesses. It is easy to forget that both sides need some help. Just as the chronically unemployed need well-designed, well-run programs to train them, many businesses -- especially small and medium-sized companies -- need help to retain their employees and to expand their operations. Our clients are both individuals and companies. By helping small business, we know that we are creating real and measurable opportunities for city residents.

Our sixth decision was an easy one. We decided to hire top quality professionals to staff the PIC. It is naive to assume that the operational functions of a Council can be performed by loaned or part-time staff. As businessmen, we have learned that it takes good people to sustain a successful enterprise. PICs are no exception.

Seventh, we had no delusions of changing the world overnight. We knew that it would be a long-term process. If we did see dramatic results in a year or two, then probably we would be looking in the wrong place. All of the effort we expended in organizing the PIC was aimed at a structure which could endure, which would be around long enough to have the systemic effects that we all recognized were necessary. A long-term approach has not always been helped by the federal government which too frequently alters the rules, which produces budgets six months into the fiscal year. While we look forward to new federal employment legislation eagerly, we hope that it can be introduced without causing too many distortions in the good activities which already exist.

These are some of the ideas which guided the formation of the Boston PIC. What have they produced? During the past three years, the Boston PIC has come to assume a central role in the employment and training system in Boston. We have done so in close cooperation with the municipal government. Each year we have expanded our programs, tried new ideas, reached out to more community agencies and local businesses. Let me give you some examples.

- Our Business Contact Program is a small staff of account representatives who call upon small and medium-sized companies. Their goal is to inform these businesses of resources which can help them to expand, to stay in Boston, and to hire new workers.

While some of the resources we offer are our own, most belong to someone else. This staff markets the public programs to their intended consumers. We help companies find new office space; we assist them in meeting the requirements of UDAGs; we facilitate the placement of workers eligible under the Targeted Jobs Tax Credit; we tell them where to go for low-cost loans. The companies we reach become our clients and ultimately we involve them in many of our other programs. The most astonishing thing, the fact which continues to justify this small effort, is that over 90% of the businesses have never heard of the 26 programs we describe. How can they work if their intended beneficiaries do not know about them?

- We have taken a new approach to skill training programs. Instead of deciding on a few skill areas and simply contracting with a training agent, we have gone directly to companies. We ask them for their training needs, then we assist them in meeting those needs. Sometimes this involves OJT arrangements. Other times the PIC acts as a broker, perhaps marriage counselor, in connecting the company with an agency capable of doing the necessary training. This approach could be described as an employer-driven method in contrast with the traditional client-driven method. Its advantage is that it is premised on the real and present needs of expanding businesses. These are not dead-end jobs nor dead-end commitments. We have strict goals for job quality and, most important, we require a matching contribution from the employer equal to at least 25% of the cost. If you are going to ask for a match you must respond to actual employer needs.

- We have become the focal point for several programs aimed at youth. We chair a "Jobs Collaborative" which is attended by all of the key institutions concerned with youth. That group is now working on a long range plan which will integrate youth services city-wide and lead to better preparation of young people for the job market. Using private funds, we have begun to implement this model in three Boston high schools.

- The Private Industry Council has become the lead agency for Boston's privately sponsored youth summer jobs program. Last year -- in partnership with other business organizations and city government -- we placed 522 young people with private employers. The youth were well screened by their high schools and the jobs were skill-oriented learning experiences. This year our goal is to place 750 young people, an increase of 47%.

- In our program called The Job Exchange, teams of job developers and counselors work with specific industries to place CETA-eligible adults. There are several interesting features in this program. For example, we are paying the staff on an incentive basis. The incentive is derived not from placements, but retention. This program, therefore, offers continuing services to employers and to clients in the interest of making the match a lasting one. The most important feature, however, is that we are operating this program in full partnership with the CETA prime sponsor. The management, the staff, and the services are joined in every respect.

Our vision, the one which David and I hope to leave with you, sees this trend continuing. We want to develop more and better ways to involve private employers in these programs. Joint training centers. Matching funds. Planning groups. Incentive systems. We will try a variety of techniques to reach a maximum realistic participation of employers. The PIC will gradually become as involved in what we know as CETA Title II and Title IV programs as it has been in Title VII. In other words, our scope will expand to include adult training and youth employment programs which have in the past been the exclusive province of the city. We will help the city secure private and other public resources to sustain these programs. The city will help us work with key public institutions and to examine and decide what works best for whom.

I am describing a local partnership with a steadily increasing role for private employers and with emphasis on the word, local. Public-private partnerships need to focus on real communities, on places which have an identity which means something to both business executives and to the general public. Such a partnership can be effective, can lead to action. In our case, the locality is clear: the City of Boston. While there are cogent arguments to be made for labor market areas -- and we seek PIC membership among large companies anywhere in the Boston area -- these falter before the advantages derived from identification with Boston.

The successor to CETA should be capable of assisting us in the ambitious plans we have in Boston and to help other cities and counties along comparably significant paths. The legislation introduced by Senators Quayle and Kennedy has four of the requisite features:

- a decision-making role for business
- continued involvement of local government
- flexibility in program, targeting, and management with a tolerable degree of federal oversight -- it is not too prescriptive.
- central administrative responsibilities to a new and independent entity -- that is, locally based private industry councils

This bill is not perfect. In the remainder of my testimony, I would like to highlight some specifics which are important to this bill or which should be added.

There is a real and useful role for state government in a revamped employment and training system. The Quayle-Kennedy bill may not go far enough in defining this role. Governors should, through a statewide PIC made up of representatives from local PICs, review and approve local plans, set expected performance levels, and determine eligibility for incentive payments. Governors should not make those decisions which are best left to localities. As I have said, if you want real business participation, it will happen on the local level. If state governments decide what localities can spend money on and who will spend it, then you have weakened both local government and private participation.

We should not hurry to scrap the existing system. The Boston PIC has grown within that system. There are flaws, surely. The hearings this week will be crammed with instances. Many of the programs were short-sighted. But a substantial public investment has been made in a local delivery system. We should treat this investment as we do any other. Trim our losses; eliminate waste; keep the good parts long enough to reap legitimate dividends.

Rules should not be made in Washington or in Albany which should best be made in Boston or Syracuse. For example, there is the question of eligibility. Existing restrictions to serve the disadvantaged are sufficient. Our nation is blessed with enormous diversity. The needs of Houston are not those of Cleveland. As I look at the needs of Boston, I see more than welfare recipients. I see school dropouts or potential dropouts who are only 15 or 16; men in their late twenties who have just been released from prison; older workers, men and women, who have lost their jobs because of competitive and technological forces beyond their control. The percentage of displaced workers, immigrants, youth or welfare recipients varies across the country. Give us the goal to serve the neediest, but let those who know the local situation best decide who the neediest are.

Another example is the matter of allowances or stipends. The worst feature of CETA has been its resemblance to income maintenance. It is wasteful and tragic to subsidize poor work habits as was the case all too often under the PSE program. But we have already ended that program. The pendulum should not swing so far in the other direction that it knocks out some good ideas. Many employers are justifiably wary of hiring young people. This is particularly true of small employers in urban neighborhoods. A tryout wage which defrays the cost of employment six or eight weeks strikes me as a good, innovative idea. Another idea worth testing would be the type of incentive wage which is paid through the supported work program (a program which is operating successfully in my bank). As the worker, usually an AFDC recipient, gains skills and becomes more productive, she is paid more. Proposed rules about stipends would make this practice very difficult. Finally, we have the case of the ex-offender. Shouldn't local program operators be allowed to decide whether a stipend is essential to help these persons get on their feet, to allow them to walk in the door of a training program?

If you agree that some flexibility on these issues ought to be granted, you may still wonder about the drawbacks. The legislation already contains something which will protect us from abuse of such provisions. This protection is in the form of performance measurement. No innovation is more important in 1982 than the introduction of tough, meaningful performance measures. Just as profits and losses control business decisions, these performance measures can set limits on the use of allowances or on the target population while still allowing some local discretion and innovation. The Quayle-Kennedy bill places great emphasis on the earnings gained by participants six months after they enter the workforce. If this gain is devised as a ratio and thereby incorporates the cost of the training, localities will have an incentive not to pay stipends, since they will raise the cost of the program. Since earnings gain is measured, there is an incentive to serve people who were previously out of the workforce, such as AFCD recipients.

Performance measurement can be a powerful way to affect the entire scope of local programs without boxing them in with petty regulations. There are a few things to be careful about. The federal government should decide what is measured, but states should measure and evaluate each delivery area and each PIC. We need separate measurements for youth which take into account their developmental needs, which measure some process objectives such as returning to school.

The incentive funds in the Quayle-Kennedy bill should be expanded. A performance measure is not very effective if it does not affect the bottom line. If 25% or more of the funds were distributed based on a calculation of performance, this would provide an incentive currently absent.

I have touched on youth and the public schools several times. It would be a grave error to pass legislation which did not reflect the importance of youth issues. We have been successful in Boston at spurring the involvement of companies in youth programs and in the public schools. Most of our Board members also participate in the Trilateral Council for Quality Education, through which individual companies are paired with individual high schools - a model which has since been adopted in several other cities. Employment issues reach into the classroom. The actions of teachers and counselors have a direct bearing on productivity. No urban need is more pressing than the need for better schools. We have seen the ability of a PIC, working in conjunction with government and community agencies, to influence school behavior and to help businesses to employ youth. I am hopeful that your deliberations over the coming weeks will result in legislation which encourages such in-school activities.

If you ask many corporate executives for the issues which concern them, you will often hear about local education. If you want to involve business, you must create an organization which deals with the topics they care about. This is my last and most pressing point. Private sector participation cannot be legislated. You can create a combination of strictures and incentives which may elicit that participation, but it cannot be mandated.

Let me give you some ideas of how to do this:

--Make the PIC into the business group which deals with a range of federal programs. Expand, do not collapse, the scope of its responsibilities.

--Give it the freedom to deal with these issues of concern to business, like the public schools and skill shortages.

--Be sure that it has real decision-making power. If it is only an advisory group, you will lose the attention of the busy people on the Board. If states or cities hold all the purse strings, the result will be disenfranchisement for business.

--Do not tie their hands before you send them in the ring. The impulse to serve the community is a strong motivator, but few companies will enter without some doubts. If the federal government, for example, tells them that they can only spend ten percent on services and x percent on something else, you tie their hands.

--Finally, you cannot expect employers to stay with something as unstable as the CETA system has been. There should be a moratorium on legislative changes to the new bill. Some way to provide forward funding is critical. When we learn our 1982 budget six months after the fiscal year begins, we feel ineffective and will not want to repeat the practice.

Thank you for the opportunity to share my views. In Boston, the city and the private sector are working together to improve the job prospects of our residents. This has been symbolized by our joint appearance here today. It has been amplified in our ideas on how to improve the employment and training system. The public-provate partnership in Boston is progressing, but it is far from complete. We have only created the foundation from which to build. We would like to say that "the future is in Boston, and it works", but that is premature. We are moving in the right direction and we hope that the new federal policy will help us and others to do so.

Senator **Quayle**. Thank you very much.

Mr. Mundel.

STATEMENT OF DAVID S. MUNDEL, DIRECTOR, NEIGHBORHOOD DEVELOPMENT AND EMPLOYMENT AGENCY, BOSTON, MASS.

Mr. **Mundel**. Mr. Chairman, thank you for the opportunity to appear today.

As Bill has described, we have in Boston a successful project. It is successful in that it places high numbers of participants in private sector jobs. Fully 70 percent go on to private employment after leaving our training programs. It is successful because it is a source of employees for private firms who need employees, who hire graduates.

A further indication of our successful partnership is that it is a partnership in which private firms pay for part of the training cost. No longer is the employment and training system in our city solely supported by the Federal Government. It is also supported by private businesses and private corporations.

That partnership has been constrained by several problems. Three major ones really, I think, should affect the reauthorization of the CETA legislation.

First, that partnership has been inadequately funded and the level of funding has been very uncertain.

Second, that partnership which works in Boston has not been a partnership with private firms throughout the Nation.

Third, massive Federal regulations fail to create incentives to perform and often fail to create our ability to respond to local employment and training problems.

First, with regard to inadequate and uncertain funding, the level of funding is clearly inadequate.

Last year, in Boston, we served approximately 12,000 individuals or 15 percent of our CETA eligible population.

This year, with available funds, fiscal year 1982, we will serve fewer than 6 percent of our eligible people. Not only is the level of funding inadequate, but it is very uncertain, and varied. Already, in fiscal year 1982, we have received two funding allocations, the second one 18 percent below the first, and we have not received funding for the period beyond the month of March.

The uncertainty is created by ever-changing funding levels that have limited the effectiveness of our planning, and clearly discouraged active, or more active, private sector involvement.

The second problem is insufficient involvement in the private sector. Even where that partnership is active, the private sector involvement is largely oriented to title 7 of the private sector initiative program.

In Boston, that program received only about 7 percent of our total allocation. That involvement is limited. It is compartmentalized and ought to be expanded. We look forward to the time when the private individuals, when private businesses are involved in the design of the entire CETA system, not when their involvement is restricted to one of the several titles which receive money.

Third, massive Federal legislation without performance incentives is something which needs to be solved—and solved immediately. Those regulations limit the effectiveness with which we can design programs and make them responsive to local employers. They also mean that we have to invest excessive amounts of money in program reports and in program administration. Not only are there poor performance incentives in the current system, there are actually disincentives. As the unemployment rate in the localities goes down, perhaps through our efforts, we will receive less money, not more.

There is no reward in the CETA system for being a successful program operator.

What do we suggest?

We suggest that the funding for the program be adequate and stable.

We suggest that the involvement of the private firms be more universal throughout the employment training system.

We suggest that regulations be reduced and local governments and local private firms be allowed to design a system which responds to local labor market needs.

And, fourth, we suggest that the employment and training system have strong performance incentives—ones which reward performance rather than take away funds as a result of performance.

With regard to adequate funding, we feel that a minimum level of funding would be $4 billion. Anything less is simply throwing a small piddling sum at a very large and growing problem. We favor a system in which there is forward funding, or funding on a program year.

One of the programs which I also administer is the community development block grant program. I already know the level of funding for next fiscal year for that program. Halfway through the CETA year, I still don't know any level forthcoming for the last half of the year. Clearly we can do better.

And with increased ability and with increased maintenance of funds, we can design a more effective local employment and training system.

Second, the new legislation must not only be imaginative in its new ventures and involvement of private firms, it must financially encourage them. We recommend that national funds be set aside as incentives to local government and local private sector management. We cannot expect that the private sector would bear the full cost of the Nation's training needs or respond alone to the problems—multiple problems—of the economically disadvantaged. But, if we are to have a system which responds to the needs of local employers, I think we need a system which is paid for in part by local employers and Federal money should be set aside to match those contributions.

With regard to local design flexibility, the allocation of funds between youth and adult should be set solely in response to local program needs. Program eligibility, which should be set nationally, should have a 10-percent set-aside for people who are disadvantaged in a labor market—who fail to meet the economic or income criteria.

With regard to stipends, we feel strongly there are instances in which stipends do produce better outcomes. The use of stipends should be a local decision made locally by local government and by local private industry officials.

With regard to performance standards, the focus on Federal involvement in employment and training should shift from process and regulation toward rewards for outcomes. Local funding levels should respond to positive program outcomes.

Thank you.

[The prepared statement of Mr. Mundel follows:]

STATEMENT OF

DAVID S. MUNDEL

DIRECTOR

NEIGHBORHOOD DEVELOPMENT AND EMPLOYMENT AGENCY

CITY OF BOSTON

SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

MARCH 15, 1982

INTRODUCTION

No domestic program has come under as much public scrutiny and criticism as the activities supported by the Comprehensive Employment and Training Act (CETA). Few domestic programs have absorbed such sharp federal funding reductions. And no domestic program has taken such a direct approach to resolving the employment needs of unskilled, unemployed Americans.

Some of the criticisms of the CETA system are justified, but they are too narrow to reflect two important facts:

- Skill Training programs help high percentages of disadvantaged participants find long-term, unsubsidized jobs, and a growing number of individuals need programs which can help them overcome severe barriers to employment.
- As employers' needs for sources of trained, entry-level personnel have grown, private sector participation in the CETA system has begun to increase significantly.

In enacting new federal employment and training legislation, the successes of the current system must be examined alongside its obvious flaws. The development of new legislation provides an opportunity to assess both strengths and weaknesses of the current system and to institute changes necessary to develop a system that will create significant resources for economic growth and opportunities for employment success.

CURRENT LEGISLATION AND ITS CONSTRAINTS

Three major problems constrain the performance of the current system:

- Inadequate and uncertain funding,
- Insufficient involvement of the private sector, nationally, and
- Massive federal regulations that fail to create incentives for improved performance and limit the opportunity to create locally-responsive programs.

Inadequate and Uncertain Funding

Inadequate federal support of job training and employment programs has severely limited the system's ability to meet both the employment needs of a growing client population and personnel needs of local employers. In Boston last year, federal support enabled the employment and training system to serve 12,500 individuals, or 15 percent of the CETA-eligible population. This year, sharp reductions in funding, coupled with rising unemployment, have had a deep negative impact on large numbers of disadvantaged Boston residents seeking our services. Federal support has been reduced by 61 percent and the available funds restrict our service to 8 percent of the eligible population (See Table 1).

Not only is the level of funding inadequate, but it also fluctuates considerably over the course of the year. Already, in Fiscal Year 1982, Boston has received two funding allocations, with the second allocation, issued in December, being 18 percent below the first. Funding uncertainty has been further increased due to the fact that Congress has not yet enacted appropriations for the remainder of the year. The uncertainties created by ever-changing funding levels has limited effective planning and discouraged private sector involvement. Varying funding levels have severely disrupted all aspects of service delivery, particularly the fiscal and programmatic stability of smaller, community-based operators.

Insufficient Involvement of the Private Sector

With the reauthorization of the Comprehensive Employment and Training Act of 1978 and the creation of the Private Sector Initiative Program (Title VII), there developed an expectation that CETA would be transformed by an infusion of private sector attention and participation. While there is no question about the importance of the private industry contributions

Table 1

Impact of Fiscal Year 1982 Funding Reductions on Boston's Employment and Training System

FUNDING ($ in 000s)	FY '81 Actual*	FY '82** Planned	Reduction from FY '81 Actual to FY '82 Planned
Adult Training Programs	$8,734	$6,948	20.5%
Adult Job Programs (Public Service Employment)	6,589	- 0 -	100%
Youth Training and Education Programs	11,898	3,566	70%
Other Grants	40	- 0 -	100%
TOTAL	$27,261	$10,514	61.4%

* Annual allocation as of 8/12/81

** Unless Congress takes further action, NDEA anticipates receiving the planned levels. This figure is from allocation as of 2/3/82.

CLIENTS SERVED			
Service Level	12,500	6,892	45%
% of eligible population***	15	8	47%

*** Data base: 1980 Census, Boston Redevelopment Authority (BRA) Census Analysis, BRA 1980 Household Survey and FY'82 Department of Employment Security (DES) Annual Planning Information Report.

elicited by Title VII, it is important to review the level of participation and the factors which limit it.

The private sector has been influential within the employment and training system, but the impact has been limited and compartmentalized. This fiscal year Title VII received only a small portion of the CETA allocation. In Boston, our Private Industry Council received only seven percent of the total dollar availability. This imbalance in funding distribution has severely limited the impact of the Private Industry Councils. Furthermore, these funds were confined to only one Title which operated under a different set of rules. This separation in funding had the effect of isolating the PIC, reducing their influence and impact on the system as a whole.

Another factor which constrains private sector involvement is the current regulations governing cost accounting of CETA programs. These regulations demand complex financial record-keeping, reporting, and auditing procedures and impede creative fund-raising. As a result, employment and training programs derive only minimal financial support from the private sector.

The outcomes of the Private Sector Initiative Program have been varied. In some parts of the country the PICs have attempted to influence the entire system rather than exercise control over a tiny piece of the pie. Where this has happened, the PICs are often relegated to an advisory role and business participation is not always vigorous. In other areas, the PICs have kept their focus narrowed to the few activities which could be underwritten by Title VII. Often this has resulted in a disjointed system, or still worse, two separate employment and training systems within one locality.

In Boston, we have attempted and succeeded in having an extremely autonomous Private Industry Council vested with full authority over Title VII expenditures yet actively involved in the larger system through activities such as: a marketing program for the employment and training system; a youth collaborative involving the PIC, the City of Boston, and the Boston Public School system; and a jointly-administered and funded job placement system for adults.

Massive Federal Regulations Without The Benefit of Performance Incentives

The present legislation focuses on process while incentives for successful program outcomes are conspicuously absent. Specific aspects of the prevailing legislation which constrain program success are:

- Limitations on program design which prohibit the flexibility required to accommodate local needs.
- Disproportionate expenditure of staff resources to meet excessive and complex regulatory and reporting requirements which are often unrelated to or unreflective of the real needs and problems of the system. For example, the current regulations require sizeable Annual and Master Plan submissions which are rendered inaccurate by numerous budget revisions and over 40 Annual Federal Reports.
- An allocation formula which penalizes success - a reduction in the unemployment rate results in a loss of funds.
- The absence of incentives which are directly linked to program performance - there is currently no reward for positive program outcomes.
- Multiple and confusing eligibility standards.
- Regulations and fiscal management systems which impede or inhibit program innovation or meaningful collaboration.

PERFORMANCE TO DATE

If the CETA system has so many major flaws, one must ask: "What makes it worth saving?" The answer is clear: despite the constraints described above the employment and training system has had considerable success in achieving its goal of improving the employment opportunities and incomes of economically disadvantaged individuals. The system has performed admirably given the large number of restrictive regulations and disincentives to do so.

Adult Training Program Performance

During 1981, over 70 percent of the graduates from the Boston's adult skill training programs were placed in unsubsidized jobs. The average wage was $5.36 an hour which represents a significant income increase from pre-CETA program wage. Furthermore, most program graduates continued to remain employed and earned higher wages six months after program completion.

The needs of employers for skilled workers also were met through the employment and training system in Boston. In the past year, 50 local employers hired five or more CETA clients, over 200 employers hired two or more clients, and an additional 700 hired one client. These employers range from large manufacturing companies (such as Honeywell and Raytheon) and large financial institutions (such as the State Street Bank and the John Hancock Insurance Company) to small neighborhood contractors and retail stores.

Youth Program Performance

Youth programs have helped young people to find jobs and to obtain the education they need to be employable in the future. Project YES, a national youth demonstration project which ended last year, provided jobs and educational services to 2790 disadvantaged Boston high school students in return for commitments from the students to remain in or continue high school. From its inception in 1978, Project YES served 14,000 Boston young people, and helped over 3000 out-of-school youth return to school. Over 75 percent of the graduates of other year-round programs either continued their schooling, entered other training programs, or obtained unsubsidized jobs.

In addition to year-round programs, the CETA provided Boston teenagers with over 3000 summer jobs through its Summer Youth Employment Program and the Boston Private Industry Council's Summer Jobs Program. In response to decreased numbers of subsidized jobs, the Summer Jobs Program was able to quadruple its size last year and develop 500 unsubsidized jobs for Boston high school students.

Increased Collaboration With the Private Sector

In 1981, the City was successful in its drive to expand private sector involvement in the funding and planning of its programs. The City collaborated with private companies on a wide variety of vocational training programs targetted to high labor demand industries and occupations such as computer programming, banking, electro-mechanical repairs and automechanics. Increased private sector participation was also demonstrated through a youth wage-sharing program in which nearly 300 private employers paid 25 percent of the wages of the youth working for them. As cited earlier, the Boston Private Industry Council's Summer Jobs Program was successful in quadrupling the number of private sector jobs previously available through the program, thus softening the impact of the budget cuts on federally-supported summer youth programs.

Clearly, Boston's 1981 accomplishments attest to the local system's ability to achieve successes despite severe funding and regulatory constraints. As we move toward designing new job training program legislation, the knowledge gained from our experience over the years provides us valuable insight into how the system can and should improve.

DESIGN OF THE FUTURE SYSTEM

It is the shared concern of Boston's private and public sectors that new federal legislation be developed which enables the system to build on its strengths and continue to act as a tool for economic growth. It is also our shared concern that the new legislation eliminate the constraints which have prevented local systems from realizing their full potential.

Based on our experience, we recommend that any new legislation contain the following four components:

- Adequate and stable funding.
- Increased Private/Public partnerships.
- Increased local design flexibility.
- Performance incentives.

Adequate and Stable Funding

As we move toward increasing private sector involvement in job training programs, it is imperative that the public sector continue its active role. Our national experience indicates that the administration's proposal to gradually phase down federal support of these programs is not reasonable, given the vast numbers of disadvantaged individuals seeking employment services. In response to this, we strongly urge continued federal support of national programs at a minimum funding level of $4 billion.

At the same time, the new job training legislation must seek to minimize the uncertainty in program funding. The current legislation authorizing one year allocations provides no incentive to plan ahead or to minimize program instability. A provision authorizing forward funding will allow advance planning and provide needed stability in the system.

In order to maximize funding stability, federally determined distribution formulae should be used within states to allocate funds automatically to local systems. Furthermore, the new legislation should authorize federal support of national programs for a period of 5 years.

Increased Private/Public Partnerships

The new legislation must not only allow for imaginative and successful new ventures, it must financially encourage them. We recommend that national funds be set-aside as incentives for private-sector match. We cannot expect or desire that the private sector will bear the full cost of the nation's training needs or to respond alone to the multiple problems presented by an economically disadvantaged clientele. But, responsiveness to the needs of private employers can be increased if private funds are used to support employment and training activities. We have been gratified in Boston to find collaborating businesses willing to share costs. This behavior on the part of both private business and service providers must be encouraged and rewarded. We have experience in building partnerships and it is one upon which we can and must expand.

The foundation on which the new employment and training system will be constructed is key to the establishment of private/public partnerships. . As discussed in various legislative proposals, we endorse the concept of a unified local Planning Council dominated in its memberships by local business and industry. The membership of this Council should be diverse and inclusive of local government, community-based organizations, education, economic development and labor interests. The intention should be to construct a forum in which all concerns are represented with both a voice and a vote - and where business and industry through their majority membership maintain and exert influence on the system.

The specifics of board construction and replacement should be determined by both the Private Industry Council and the locally-elected officials.

It is our experience in Boston that limiting representation to the local Chief Executive Officers of corporations is beneficial, that nominations should come primarily but not solely from local business and that two year terms strike a balance between the needs of continuity and innovation. However, we would not advocate federal requirements for these details.

If an employment and training system is to respond to the needs of local employers and individuals, most of its structure must be determined locally. Federal designs may seem right on average but be wrong everywhere. Furthermore, local private and public interest in participating in a nationally designed system will be limited. We must retain in this legislation a sense of the local realities and a commitment to promote local experimentation.

Increased Local Design Flexibility

Local flexibility is critical to performance and to the full participation of the private-sector in the new private-public partnership. Employment and training programs must be designed to respond to local labor market situations if they are to work. The maximum benefits of private sector participation are achieved when the opportunity for real influence on the policy, planning and implementation of employment and training programs is available. Areas in which maximum local flexibility should be afforded include:

- Allocation of Funds

  The allocation of funds between youth and adults should be decided locally in order that it reflects local demographics and client population needs.

- Program Eligibility

  Although eligibility standards should be set nationally, 10% of participants should not have to meet income eligibility if they face other employment barriers.

- Stipends

  The decision to use funds for stipends and under what circumstances they are advisable is one which should be made at the local level.

- Transition Period - Timetable and Format

  The new legislation should permit local flexibility for the manner which Prime Sponsors transition to Private-Public Partnerships.

  The timetable for transition should allow for regional differences in the capability to evolve to a private-public partnership format. All timetables should reflect reasonable estimates for successful transitions.

Performance Incentives

The focus of federal involvement in employment and training should shift from process to outcomes. Local funding levels should respond to positive program outcomes. Specifically:

- Performance standards to Adult programs should be determined nationally and include such criteria as placement rates, job retention, and wage gains.
- Youth programs should be measured by standards which reflect the achievement of educational and job readiness competencies developed jointly by the employment and training system and the local educational agency.

CONCLUSION

In the face of extreme funding constraints and unwieldy authorizing legislation, the employment and training system has achieved significant successes. But changes in federal employment and training legislation are necessary if the system is to adequately meet the needs of its clients. The changes should ensure:

- sufficient funding - at a level of at least $4 billion nationally.
- forward funding to allow for effective planning and to ensure system-wide stability.
- streamlined regulations allowing greater local flexibility.

- financial incentives for successful performance in local systems.

Without such changes, the national employment and training system will remain unnecessarily constrained in its efforts to meet the needs of both local employers and the economically disadvantaged. With such changes, the employment and training system can grow and improve as a vital resource for national and local economies.

Senator **QUAYLE**. Thank you very much, gentlemen.

I am intrigued with both of your statements concerning the cooperation by the public sector and I wonder if you could highlight one or two structural changes that perhaps could be made to the current system that would enhance the possibility of having more of a cooperative attitude between the private and public sector.

I certainly understand or sympathize with the funding aspects. I don't want to get into that beyond the actual levels. It is more a budgetary and more of a Government problem, and hopefully we will be able to resolve it down the road.

In the spirit of cooperation both of you talked about, I wonder if there are a couple of structural changes that you would highlight as we move for deploying a new employment training system.

Mr. **EDGERLY**. I would like to provide that answer from the private sector side, if I may.

I think that the crucial need is to continue the incentive to chief executives of employers to involve themselves in an active way and that the primary way to do that is to increase their ability to get a job done, and that is as partners, to be effective partners.

The broadening of the role of the PIC is a fundamental way to accomplish that. What we see in Boston is a 3 years' experience, with a small part of the problem which has been an excellent experience, it's been an experiment we like to think has worked. We would like to have that enlarged, and given the description that David gave, and I tried to summarize, of a broader role and degree of flexibility, I think that involvement will take place.

Senator **QUAYLE**. Mr. Mundel.

Mr. **MUNDEL**. Let me describe two changes in there, and they are changes that one can make in the legislation which would strengthen partnerships and strengthen joint involvement.

I think performance incentives will go a long way. I work in a city in which the mayor has made jobs and the provision of jobs to his constituency a principal campaign plank. In fact, my own performance is measured each quarter by the mayor on the basis of how many people the CETA system places in jobs.

My self-interest in holding my job, in gaining a salary increase, leads me to work very collaboratively with other people such as the private industry council, who can help me achieve the outcomes in performance I know the mayor and the city council are looking at.

Self-interest, gaining more funds, will work through performance incentives and encourage greater collaboration. The same kind of change relates to the cost accounting principles which are used inside the current CETA legislation, where the private firm and public agency jointly sponsor a program. All the cost accounting rules which are required by the Federal Government have to be met by the private firm. Funds have to be divided between program costs and administrative costs. The costs which are allowed under the regulations have to be split between the private pair and the public pair.

It is difficult enough as a public agency to follow these kinds of accounting rules. It is almost impossible for a private firm to collaborate jointly sponsoring programs if they, too, have to follow those same accounting and other kind of regulatory practices. Lessening those practices would allow collaboration to be expanded.

Senator QUAYLE. What would be the worst thing Congress could do in training and employment that would serve as a disincentive to the cooperation you established in Boston, and we would like to have expanded around the country?

Is there something that would be repugnant to the spirit of cooperation that we might do?

Mr. EDGERLY. I think there is a flip side to both, my point and David's point.

The flip side to my point about the broader responsibility would be a narrower responsibility, one which involved specific rules, specific percentages, a tying of the hands, you might say, in decision-making.

I would take the flip side, too, David's point, briefly on a performance measurement. It seems to me one of the best ways to unleash creativity is this idea that we now know what it is we are trying to do, the bottom line, ratio, and the converse of that would be if we remained where we are, or even retreat with performance specified in narrower terms which would lessen the incentive value of the performance measure.

Senator QUAYLE. One final question, the Secretary of Labor this morning, I don't know if you were here or not, made a statement he wanted to extend targeted jobs tax credit, and that was really announced in lieu of having any kind of a subsidization or stipends, on the job training, or otherwise, for CETA participants.

I wonder, from your experience, if in fact we can rely totally on the targeted jobs tax credit to provide this and do you believe that this is the best way to go in lieu of their request to have absolutely no stipends?

Mr. MUNDEL. Let me start with that.

The targeted jobs tax credit, as with any tax credit, only works when an individual is employed in a private firm which has tax liability. If all of the training programs were run inside of a private firm and if all the individuals who were in training programs were employed by private firms, the tax credit might substitute for a stipend. But a number of our program entrants, especially those in the welfare recipient eligible population, are nowhere near being able to being employed inside of a private firm. They need to be better schooled. They need better skills before an employer will bring them into an entry level job. Concerning that transition period, when one is trying to make them employable, that stipend may be necessary for the most disadvantaged.

Mr. **Edgerly**. We would like to have the flexibility to use stipends. We would like to have supported-work programs. There are going to occur times where a stipend will make a difference.

We think that if we have a performance measurement, then that judgment could be left to local decisions. The targeted job tax credit program, I think, will then be an effective tool.

One problem with it has been that people didn't know how to use it. One of the things which we found surprising when we went out last year and called on 350 companies, small companies who didn't know anything about TJTC and the result was $1 million of tax credits that wouldn't have been used for the purpose of generating jobs.

I think part of it is using it more effectively.

Senator **Quayle**. Mr. Hawkins.

Representative **Hawkins**. Thank you, Mr. Chairman.

I think both of the witnesses have been excellent in clarifying one of the basic issues, it seems to me, involving the enactment of a new program. Suddenly some people seem to think that they have discovered private sector involvement as if it is a new concept and that it has to be reinvented. I think the fact that you have a program that works for a period of time is proof that you don't need any new legislation necessarily in order to obtain what you have already been able to do. This is what we foresaw some time ago when we dealt with National Alliance of Business, when Carter first created it. And now we see the results of it.

Not only in Boston, but in New York, where a week ago we heard about successful CETA programs in operation. We have seen it elsewhere and it is being done now and doesn't have to be created. I think you have also cited some of the weaknesses in the current system.

I think, Mr. Edgerly, you mentioned something about the continued involvement of local governments. May I ask you specifically, would it be desirable to have the local PIC maintain an equal partnership with local governing bodies? In other words, if each had a role in which they both designed programs and both had to deal with how the money was going to be spent, does this insure the continued involvement of the local government that you mention?

Would you be supportive of such a partnership in which the two worked on an equal basis? So it would be, in fact, the partnership and not solely the private sector or not solely the local governing body who would determine what was going to happen with the programs.

Mr. **Edgerly**. A partnership is a complex thing and I think that the proposed legislation is a very insightful one in tradeoffs that have been designed. I have been quite intrigued by what was accomplished. I think it is a workable approach.

As I understand your approach in the Quayle-Kennedy bill, it is not equal or parallel, but it is recriprocal and the decisionmaking and designing of the plan, how the programs are to be funded, is by the PIC. The key steps which don't then say it is exclusively the

PIC. In the first place the local government is represented on the PIC, that has been very effective in our case, our Board.

Second, there is always the opportunity to appeal if there is a disagreement and that appeal is at the State level. Provided, it seems to me, you have built in here a system whereby there is an effective decisionmaking process on program planning, the remaining question is administration. I have said that I felt that in certain cases it would make sense for the PIC to be the administrator, and other cases it should continue to be the local government, city government, and that decision could well be made at the local level.

I think we would find ourselves talking that over in Boston and deciding which way to go. Our own PIC Board in our recent meeting, when confronted with that question, if asked to be the administrator, would you want to take this on? And the answer was yes.

Representative HAWKINS. That would involve the decision if you had that hypothetical situation—who should make that decision, should it be made at the local level or at the Federal Government level?

Mr. EDGERLY. I would like to have the chance at the Boston level to make the decision in collaboration with David Mundel, that the private and the public participants could design, what is the best model here.

If there were an inability to agree upon that question, as I understand the proposal, I think it is a good idea that there would be an appeal to the State level.

But I think what would happen is if given that chance, we would design the best model.

Representative HAWKINS. Mr. Mundel, you did mention several things that should be done in terms of improvements, one of which was inadequate funding.

I think you mentioned $4 billion?

Mr. MUNDEL. As a minimum.

Representative HAWKINS. I assume that you are not satisfied whether or not it should be at that level or some higher level, is that correct? As to the continuity, do you envision now under a new Federalism approach, leaving the funding decision to the States? Do you think the funding would be adequate under the administration's proposal if left up to the States?

Mr. MUNDEL. I think the level of funding both in terms of adequacy and predictability would be higher if the program continues to be directly funded by the Federal Government, rather than through the States.

That is our—my current thoughts on that.

We don't have a lot of experience with the new federalism and whether or not the States will maintain adequate levels for funding. We do have some experience with the Federal Government in which the level of funding has been at times adequate. I don't think it will be adequate under the President's fiscal 1983 budget and regretably at the level of funding, it has been very——

Representative HAWKINS. Let me ask you this: You mentioned regulation, massive regulation and other problems. And you also stated some concern about desirability, flexibility, and performance incentives in the proposals.

Assuming that we allow the flexibility as we do in my proposal and intends to warrant incentive, both performance incentives and performance standards, will you offer a 5-percent bonus to those local groups as combined with the private sector? In other words, what we have done, we said, "Go ahead. You have the flexibility, but you have to eventually indicate through performance of succeeding in return for flexibility and in return for deregulating, so that you do have that flexibility."

I think you state the problems much better than I have, and I would say that if you put those elements together and strengthen the program, whether it's in one bill or the other, would you feel it would go a long way toward exceeding the recommendations that you made?

Mr. MUNDEL. Yes, I would.

I think if we have a system that rewards positive performance and penalizes poor performance, and those rewards and penalties are financial, I think you will see local partnerships between the private and public sectors grow and you will see program performance grow.

Senator QUAYLE. Mr. Jeffords.

Representative JEFFORDS. First of all, we would like to see forward funding in the budget program.

I wonder if there would be any advantage in view of the fact that you have your schools on one planning cycle, your local governments on another planning cycle, and Federal Government on a nonplanning cycle, whether it would be any advantage to a 2-year plan to be improved with respect of the bill we are talking about, so that at least you could try and get everybody under the same plan, anyway, so even though there is still some funding problem; would there be any advantage in that?

I think whatever can be added to give people a capability to band together on similar fiscal years will be an improvement, I don't think, deterrent forward funding, because one is asking for an increase in outlays and, therefore, an increase in the deficit, one is increasing, asking for one type increase in the budget authority to get over that transition period. And outlays need not increase, definitely need not increase.

And major problems of the budget aggregate would be unchanged and yet would be able to think ahead about what our collaboration could do and what we could do with our local systems.

Second, there is a provision in my bill which has a concept called trial employment, which would allow some flexibility providing what you do there is of financial assistance to especially young people when they are being tried out as employees.

Do you think that would be a valuable tool to have in the arsenal to try to assist employers in trying to find out whether someone is an employable person?

Mr. EDGERLY. I think it would be. We think the school-to-work transition is the place to put a lot of focus. We have an active summer jobs program, part-time employment. If we were assisted in providing the compensation to make up for the fact that those employees are not that productive, it would be helpful. It is an important area.

Representative **Jeffords**. Finally, I am concerned about performance standards in the sense that businesses—a business' first priority is to try to find somebody who is trained to fit the job that he has available. The second priority, if you cannot find that person, is to be willing to assist in the training of someone who is employable to be able to fit his job.

Another category where the businessman is going to be I think least interested—and if you disagree with me, let me know—and that is the person who lacks the basic skills to even accept the training to get into business. The concern that I had when we get into performance standards, if we put all of the emphasis on getting people jobs in that sense, or making a performance standard, how many people went right into jobs. And if we do not keep in mind that one of the goals ought to be to get people off the welfare rolls, we can end up with the primary emphasis being a job search; secondarily on job skills and, third, of getting people off of welfare with basic skills. Do you see any problems in our performance standards that we ought to deal with in this manner, and especially as it relates to the private sector being in control of the planning agencies, and so forth?

Mr. **Edgerly**. I would like to respond on two levels:

One, the private sector and the employers are, I think, as concerned about the hard to employ disadvantaged as are others, and we are involved because we think that is a problem that needs to be dealt with, and are not as inclined toward creaming as the more practical considerations might suggest. But, more specifically, on the performance measure, the wage gains should include the welfare elimination, so that the benefit to performance would be enhanced by making welfare recipients employable. And, of course, you can deal with different time periods with respect to how long on welfare and what length of time on a nonsubsidized job in order to leverage that effect.

So I believe there are ways of determining the performance result which can take adequate account of the greater gains of taking people off of welfare and into jobs.

Representative **Jeffords**. Also along these lines, I have thought about it, although I have not in our legislation, how we can give incentives to local communities to reduce their dropout rates, or to give them rewards for reducing the dropout rate. I am thinking in terms of perhaps if they demonstrate a significant reduction in the dropout rate and, therefore, a savings of Federal dollars necessary to be dedicated to that that we can perhaps give some financial assistance, maybe half the savings or something, to the local communities. I am wondering what you would think of such an idea?

Mr. **Edgerly**. I do not really like the proliferation, you might say, of ways of measuring, although I know this is an area that can benefit from some study. But dropout, after all, if you mean dropout of a job or dropout of a training program, it is going to affect the wage gain.

Representative **Jeffords**. I am talking about school dropouts primarily.

Mr. **Edgerly**. We did suggest a way of evaluating youth programs. Staying in school or going back to school should be a part of the evaluation of youth programs.

Mr. **Mundel.** I think that in terms of dealing with schools, we at least want to look very carefully at the administration's proposal which says inschool youth are ineligible. And, under the administration's plan, the private industry council, the local prime sponsor would not become involved in the schools at all. Schools are clearly the front line of this process. We need to work jointly with them. If one can creatively design performance standards which affect school behavior and rewards good behavior, I think we would welcome that. It is not at all as certain as with adult programs how you can measure performance adequately.

Mr. **Edgerly.** There are real partnership implications of this. In Boston, we have a tri-lateral council for quality education. Every high school in Boston has a business partner. The chairman of the tri-lateral council is the vice chairman of the Boston PIC board. We have a very intimate relation. The superintendent of schools is on the Boston PIC. The simplest employment and training system, I do not need to tell you, is the public schools and the on-the-job training.

And a lot of what else we talked about is remedial. And if we get the other two parts working well, then that should be the most efficient system.

Representative **Jeffords.** I am running out of time, but related to that, I would like to ask a question. Maybe you can on the outside give me some thoughts on what we do with vocational educational systems in this area.

I guess I will leave it at that. Thank you.

Senator **Quayle.** Thank you very much, gentlemen. You have lived up to your anticipated high quality of testimony.

Thank you.

Mr. **Edgerly.** Thank you very much.

Senator **Quayle.** We appreciate your coming down and sharing your thoughts with us.

Our last panel of the day, but certainly not the least, is Mr. Shackelford and Mr. Mangum.

Mr. Shackelford, do you want to proceed first? Welcome. We are glad to have another witness from the great State of Indiana.

STATEMENTS OF RAY L. SHACKELFORD, ASSOCIATE PROFESSOR, DEPARTMENT OF INDUSTRIAL EDUCATION & TECHNOLOGY, BALL STATE UNIVERSITY, MUNCIE, IND.; AND GARTH L. MANGUM, DIRECTOR, INSTITUTE FOR HUMAN RESOURCE MANAGEMENT, UNIVERSITY OF UTAH, SALT LAKE CITY, UTAH

Mr. **Shackelford.** Thank you.

Senator **Quayle.** We look forward to hearing your testimony.

Go ahead and proceed.

Mr. **Shackelford.** Chairman Quayle, Chairman Hawkins, members of the committee.

When considering any national training legislation, there are two problems that should be given careful consideration: The first is the current high rate of unemployment in many areas of the Nation. And the second is the projection that in the foreseeable future some 45 billion jobs, almost half of the total work force, will be affected by advances in technology, with many of these workers being permanently displaced.

What is needed is an educational training program for displaced workers, present and future. This training program should provide individuals from a broad age range the opportunity to be educated for careers with a future. The valuable human resources possessed by these displaced workers—example ages 25 to 45, 50—must be recognized.

Some of the technically related careers with well-documented current and future employment growth rates include careers in education, energy, communications, robotics, and service.

Contrary to the common perception about a general oversupply of teachers, some disciplines have severe teacher shortages. Industrial arts and vocational education are examples of two teaching areas where current and projected shortages exist. Good industrial arts programs teach the concepts and understanding of the free enterprise business system and the technological aspects of our industrial society. However, with the current and projected teacher shortages in industrial education, we are faced with a dramatic shortage of those individuals who are trained to teach others the understandings and skills necessary for business and industry to prosper.

Given the opportunity to retrain as industrial education teachers, many of the unemployed have life, business, and industrial experiences that would be beneficial to any educational program.

As technology advances, and many businesses and industries drive toward the workerless factory, and automated, but still populated office, the need for individuals trained in technical careers will become critical. This accelerating shift to automation in plants and offices promises to bring with it a badly needed improvement in productivity and a new competitive strength in world markets. At the same time, it will confront employers, Government and education with the necessary necessity for training and retraining workers on a scale never attempted in this country or anywhere else.

As indicated, much of this technical growth will take place in areas related to communications, robotics, service, and energy. In communications, the recent growth in information technologies, telecommunications and computer systems, may change our lives and work styles more than any other field of technological development. This growth is leading to an enterprise that is now being called information utilities.

These enterprises will provide us with electronic yellow pages, newspapers, textbooks, mail and teleshopping. These and other communications-related businesses and industries will greatly increase the demand for system analysts, computer programers, word processor operators and computergraphics personnel. Practically every business, from manufacturing to service, will need persons trained to install, work with, analyze and program information and computer systems.

The tiny computers that supply the brain power for industrial robots will rapidly take over the drudge work of manufacturing. Recent studies indicate that soon robots will be able to perform 7 million of the existing factory jobs. Workers will be needed to install, maintain and decide whether it pays to use robots.

Reflecting a number of current trends, service industries and their related careers are projected to grow until they capture 22 percent of the total work force by the 1990's. Two major groups, medical careers and business services, are responsible for the major growth in this area. Other miscellaneous services are necessary to the growth of communications, energy, and production. Service careers in these areas include nursing, communication technologists, labor relations specialists, medical technologists, safety specialists, fiberoptics technicians and instrument technicians.

Our goal of energy independence will require an increasing number of technicians and engineers to be trained in energy-related areas. Individuals with training in petroleum engineering, solar energy, coal mining, and heating and cooling systems will all be in high demand.

This testimony has identified many diversified careers. You have probably realized that many of these careers require 2 to 4 years of training. This is an important point that must be stressed and taken into consideration in any proposed legislation, because there are very few short-term training programs for careers with a future.

Education for permanent jobs does and will take time.

Many higher education institutions have strong programs in the needed technologies, and are particularly well-equipped to provide the necessary training. The use of these existing higher education programs should increase training effectiveness and keep training periods to a minimum. The displaced worker, present and future, must be helped to again become a productive member of society, and as soon as possible.

Thank you.

[The joint prepared statement of Dr. Shackelford and Dr. Smith follow:]

JOINT STATEMENT OF DR. RAY L. SHACKELFORD AND DR. DONALD F. SMITH

Introduction

The rates of unemployment in many areas of the country are currently at their highest levels in recent history. The long-term unemployed fall into two major categories: (1) those individuals who have never had the opportunity or skills necessary to hold a meaningful job, or (2) individuals who have had productive employment but now have little or no chance of ever returning to their previous jobs. An educational (training) program is needed capable of providing the unemployed with an opportunity to educate themselves for careers with high current and future employment growth rates.

The proposals contained in this testimony are intended as a partial solution to the retraining of the second group, those who have had productive employment, but are now laid off with very little chance of returning to their previous jobs. It is further proposed, that selected higher education institutions with strong programs in the technologies are particularly well equipped to educate many of the unemployed, thus enabling them to again become contributing workers in our society.

Technological employment fields with well-documented current and future job opportunities include teaching, energy, communications and service. The remainder of this testimony will specify in more detail these employment needs and how these needs can be fulfilled through existing technology education programs.

Careers in Education

Contrary to the common perception about a general oversupply of teachers, some disciplines have severe teacher shortages. Industrial Arts and Vocational Education are examples of two teaching areas where current shortages exist and projections indicate that the demand will increase in the future.

Numerous current research studies (Akin, 1981; Dugger, 1981, Miller, 1979; Smith, 1979) indicate that a large number of Industrial Arts teaching vacancies exist and will continue to increase in the future. In 1979-80, there were 1,178 Industrial Arts teaching vacancies in 38 states with ten states unable to supply information for the year (Miller, 1982).

Available data from 1977-78 indicates that when school administrators were faced with shortages of qualified personnel, they employed 395 teachers under emergency or temporary teaching certificates and 343 were employed without having teaching certification in Industrial Arts, (Miller, 1982). In addition to these 738 teaching positions filled by non-certified industrial arts personnel, 200 positions were abolished, many because of the lack of trained personnel. Thus, including abolished positions, positions filled by non-certified personnel, and the number of unfilled Industrial Arts vacancies, the total current demand for trained Industrial Arts personnel may be as high as 2,000 and the number is growing each year.

Many of the states reporting severe shortages of industrial arts teachers are in the midwestern region, which is also experiencing high unemployment levels. These include Indiana, Illinois, Michigan, Ohio, Iowa and Missouri, (Smith, 1979).

Indiana is one of the states effected by the shortage of Industrial Arts teachers. In recent research (Smith, 1979), the State Department of Education and the Placement Directors of teacher education institutions in the state reported a severe shortage of Industrial Arts teachers. At Ball State University, which graduates approximately one half of the Industrial Arts teachers in Indiana, the requests from employers has grown from five for each graduate in 1975 to sixteen for each graduate in 1980. Since not all of these graduates enter teaching, the need is actually greater than it appears from these figures.

Industrial Arts programs are important to the education of all individuals in our society. The understanding our free-enterprise business system and the technological aspects of our society have been identified by many business, industrial and educational groups as important to any education. Good Industrial

Arts programs teach these concepts and provide individuals with a knowledge base necessary to make wise career choices related to business, industry and technical occupations. However, the current and projected shortages of teachers in these fields are denying thousands of students across the nation the opportunity to gain valuable information and experiences pertaining to business and industry.

Similar to the teacher shortages in Industrial Arts, information gathered from Regional Vocational Teacher Trainers indicates that there is a growing number of teacher vacancies in Vocational Trade and Industrial programs. But during these hard times and faced with the massive projected changes in industry and the technical areas are new vocational teachers needed? The answer is yes.

Related to this question, Governor Robert Orr of Indiana recently asked Don K. Gentry, Executive Director/State Director of Vocational Education, this question: "If you had to go to the State Legislature and justify Vocational Education, what three facts would you use?" This was his response:

> Total education enrollments are decreasing, but vocational education enrollments are increasing at the rate of 8-10 percent each year.
>
> Although Indiana's unemployment rate has run 1-2 percent higher than the national average, the job placement rate for vocational graduates at the secondary level is 87-90 percent, and at the post-secondary level the rate is 90-94 percent.
>
> Information from employers indicates their satisfaction with vocational graduates average 4.7 on a 5 point scale (5 is the highest score). (Gentry, 1982)

The need for trained teachers in all areas of Industrial Education, (Industrial Arts, Vocational Education, and Technology) is severe. This statement has been supported by the research studies cited previously and the inquiries made of Regional Vocational Teacher Trainers. However, the shortages of teachers in Industrial Education may become even more severe than the research indicates, as the nation is faced with the almost mass retirement of the World War II veterans in the next few years.

Among the unemployed are several groups who could well serve the needs of public education. Many have had interesting and valuable industrial experience which, after becoming educated as Industrial Arts teachers, could do a superior job teaching youth about our industrial-technological society.

Other unemployed trades people who are looking for a career change may be able to qualify as Vocational Education instructors after a relatively short training period.

We are faced with two dilemmas: (1) the large number of unemployed individuals who have a personal knowledge and understanding of given portions of American industry; and (2) a dramatic shortage of those individuals (Industrial Arts and Vocational Education teachers) who are trained to teach others the understandings and skills necessary for American industry to prosper. Both problems could be addressed through a training program that would give an identified group of unemployed workers the opportunity to re-enter the work force, by training them to become Industrial Arts or Vocational Education teachers.

Technical Careers

Any new national employment and training program should address the issues of "the rapidly developing drive toward the workerless factory - and the automated but still populated office" (Speedup, 1981) and the expanding technical capabilities of business and industry. "People involved with technology... should not underestimate the widespread use and power of technical equipment " (Thompson, 1981). As the nation's technical capabilities expand, the role of individuals trained in technical areas will become significantly more important to business and industry. With the rapid growth of technology, there is a corresponding need for training to maintain and control the complicated systems involved.

"Ultimately, the nation's education system will have to prepare future workers for functioning in an electronic society " (Speedup, 1981). Some of the technical areas related to an electronic society include energy, communications, robotics and service, all of which have projected high employment growth rates into the year 2000.

Energy

The goal of U. S. energy independence will require that an increasing number of technicians and engineers be trained in energy related areas. Individuals with training in petroleum engineering, solar and geothermal energy, coal mining, heating and cooling systems, skilled labor for building all types of energy related facilities (offshore rigs, synthetic fuel plants, etc.), energy management and policy analysts, etc. will all be in high demand (Economist, 1981).

Entire industries such as: coal mining, oil and gas well drilling and exploration, petroleum refining and related products, and utilities will all have above annual rates of growth (Personich, 1979). But without additional training, directed in these and other energy related areas, will the trained personnel be there when they are needed?

Communications

In the future, communications and its related careers will be one of the fastest growing sectors in the U. S. economy. The recent growth of information technologies, telecommunications and computer systems may change our lives and work styles more than any other field of technical development. The new information systems promise to change the way we work, learn, play, shop and manage our daily routine (Cornish, 1979). Futurist Earl Joseph of Sperry Rand, Inc. predicts that 80-90 percent of the total work force fifty years from now will be in the production and use of information. Many may question this prediction, but the future growth in the information technologies is unquestionable.

The capabilities of the micro-chip and the small computer have and will continue to cut the cost of storing and manipulating information. In the 1980's and 90's, thousands of systems analysts and information programmers will be needed. Practically every enterprise, from manufacturing to service, will need persons who can work with, analyze and program computer systems (Harris, 1981).

The Bureau of Labor Statistics estimates that the need for system analysists will increase from the present number of 240,000 to 400,000 by the year 1990. Likewise, the need for programmers will increase from 341,000 to 500,000. During the same growth period, the number of technicians needed to install, maintain and repair computer-related equipment should double (Harris, 1981)

One of the major tasks then of any national training program should be to prepare individuals for current and future jobs in communications. Computer specialists of all kinds will be needed. Currently, a word-processor operator earns $50 to $100 more each week than a typist, with the supply of proficient operators hopelessly lagging behind the demand.

All office personnel, executives, and managers will have to have a working knowledge of computer terminals, and those with programming skills will have a distinct advantage.

In the graphics or printing industry, the reporter can type his/her article on a computer console, where it is stored. The article is then recalled for editing where parts can be shifted and/or deleted. Once the article is approved, it is then sent on to the computer-controlled typesetter. Similar functions can be performed by the draftsperson. All information for a drawing can be entered into a terminal, corrections made by observing the video display and with the push of a button, the computer directed plotter draws what is stored in the console and displayed on the video.

The list is endless. Training is needed in all areas of communications. Projections indicate that we will soon have: electronic "yellow pages," teleshopping, electronic newspapers, electronic textbooks, electronic mail and what is now being called information utilities. It seems certain that persons trained in almost any communication related career would be employable both present and future (Cornish, 1979).

Robotics

The tiny computers that supply the brainpower for industrial robots will rapidly take over the drudge work of manufacturing. "People will be needed who can figure out when, how, where and whether it pays to use robots," says Angel Jordan, Dean of Engineering at Carnegie-Mellon University. "Unfortunately, there's no school that trains people in robotics right now " (Harris, 1981).

There is no comprehensive research on the employment impact factory automation utilizing robots will have, but a recent study indicates that current robots and the newer generation with sensory abilities could perform 7 million of the existing factory jobs. How fast this transition may take place will depend on the cost of the robots and the demand for the items they will produce. "The United Auto Workers, one of the few unions that tries to anticipate automation, expects its auto industry membership to drop to 800,000 from 1 million between 1978 and 1990, even assuming a 1.8% annual increase in domestic auto sales " (Speedup, 1981).

Many jobs scheduled to be performed by robots include many of the dirty, dangerous and boring tasks presently performed by humans. These tasks include: assembling, checking or inspecting, production painting, welding, cutting, packaging and machining.

Many of the workers replaced by automation will have their jobs upgraded to allow for more productive utilization of their other human skills. Reflecting this job upgrading,"Alex C. Mair, vice-president for technical staffs of General Motors Corp. predicts that by the year 2000 the percentage of skilled tradesmen in GM plants may be 50%, up from 16% now. New technology also tends to save jobs by making U. S. products more competitive with imports and keeping work in the U. S." (Automation, 1981)

These advantages of automation, however, are likely to be accompanied by "problems across the board for everyone affected by new technologies in the factory and the office, says Robert T. Lund, Assistant Director of the Center for Policy Alternatives at Massachusetts Institute of Technology. He adds: workers have to move, learn new skills, change jobs - all these things produce hardship " (Automation, 1981).

When faced with the problem of future unemployment, brought about by technological developments such as robots, consideration should be given to a permanent retraining program for individuals whose unemployment is directly related to advances in technology. The sooner these individuals re-enter the work force, the sooner they become an asset to the U. S. economy.

Service

Reflecting a number of current trends, service industries and their related careers are projected to grow faster than any other segment of the total economy into the 1990's. The shift in consumption expenditures from goods to services is one of the major factors in this trend. By the year 1990, it is projected that the service sector of the economy will have captured 22.5 percent of the total work force. Two major service groups have been and will continue to be responsible for the major growth in this area. They include medical care services and miscellaneous business services (Personich, 1979).

Medical care services include careers found in: hospitals, offices of physicians and dentists, medical laboratories, nursing, emergency medical transportation, equipment servicing, blood banks, and nursing and convalescent homes. Growth in the medical sector will continue to grow partially because of the growing population of persons over 65.

Miscellaneous business services will also increase its percentage of the total work force. These services include: janitorial, photocopying, instant printing, equipment rental and leasing, and temporary office help and support services. Employment in this area is projected to grow into the 1990's until it captures approximately 6.6 percent of the total work force (Personich, 1979).

Other service areas also show an increased demand for trained employees in the future. Many of these service jobs are related to the areas of communications, energy, and production. Service careers in this area include: installation and repair of communication devices, labor relations specialists, computer technicians, tele-communication technicians, safety specialists, fiber optics technicians, building maintenance and repair, instrument technicians, auto repair, etc. Many of the service careers would be ideal for any envisioned employment training program because of the potential shorter training periods involved.

As the reader reviews the many diversified careers mentioned throughout this document, he/she will realize that the majority of these careers require 2-4 years of training. This is an important point that must be stressed and taken into consideration in any proposed employment and training, because there are very few short-term training programs for careers with high current and projected future employment demands. Education for permanent jobs with a future will take time.

Conclusion

The need for a national employment and training program for the long-term unemployed and those replaced by advancements in technology in the future is crucial to the national economy. In an attempt to demonstrate the broad based concern for the economy, the unemployed and the vital role of retraining, a recent editorial in Business Week will be used as a major element of our closing testimony.

> NEW JOBS, NEW SKILLS
>
> The accelerating shift to automation in the U.S. plants and offices promises to bring with it a badly needed improvement in productivity and a new competitive strength in world markets. At the same time, it will confront U. S. employers and educators with the necessity for training and retraining workers on a scale never attempted in this country or anywhere else.
>
> Some 45 million jobs - almost half of the total - will eventually be affected by office and factory automation. Though the process will be spread over a period of time and attrition will take care of some of the turnover, new skills will be required, and in many cases the new jobs will demand higher levels of technical training.

Individual companies can ease the shock of transition by giving ample notice, by bringing workers in on the decisions about new technology, and by explaining the long-run advantages of automation. It is important, however, for policymakers to recognize that automated industry and business will provide few opportunities for the uneducated, unskilled job applicant. Just as the switch from muscle power to machines closed the plant gate on the man with the broom or shovel, the shift to automation will eliminate repetitive assembly-line jobs. Even if the economy goes into a prolonged period of strong growth, it will not absorb the pool of unskilled workers that has accumulated in major cities.

All employers and the U. S. educational establishment will have to come to grips with the problem of training new workers and retraining older ones to qualify for the new jobs. It has been a long time since U. S. employers could use a man "with a strong back and a weak mind." In the future, there will not be many places for men or women with well-trained hands and badly trained minds (Editorial, 1981).

We believe that the educational system is prepared to meet this challenge. All that is needed is the cooperation and support of industry and government.

RECOMMENDATIONS FOR PROPOSED JOB TRAINING LEGISLATION

Reflecting the ideas and concerns alluded to in the body of the written testimony, the following is a list of major concerns, that we feel should be taken into consideration in the planning and implementation of any national employment and training legislation:

1. Program participants (any individual to be served by the proposed employment and training) legislation should include (a) individuals who have never had the opportunity or skills necessary for meaningful employment, (b) individuals who have had productive employment, but now have little or no chance of ever returning to their previous jobs, and (c) individuals whose unemployment can be traced directly to advances in technology. It is also recommended that the definition of a program participant include no age restrictions.
2. It is recommended that any new employment and training legislation should have as its primary goal the training for careers with high current and future employment growth rates. Training in any other areas will only postpone the problem.
3. Successful training programs for careers with high current and future employment growth rates presently exist in colleges and universities, such as those belonging to the American Association of State Colleges and Universities (AASCU), throughout the U. S. Therefore, in an effort to be cost effective, it is recommended that a portion of the funding be allocated for use by accredited colleges and universities.
4. It is recommended that any new employment and training legislation allow the payments of stipends to the program participants. The purpose of these stipends would be twofold. (1) to assist the participants with the cost of their educational programs, and (2) to provide them with living expenses during training.

5. In an effort to reduce any major administration problems regarding funding, it is recommended that funding cycles for the proposed legislation match the funding cycle for education programs.
6. In an effort to ensure a broad representation on all private industry or job training councils, it is recommended that individuals from post-secondary institutions serve on these councils at all levels.
7. It is recommended that the term Industrial Education be used and defined in the new employment and training legislation because of its ability to be used to designate or describe all educational programs of an industrial nature. These programs include Industrial Arts, Vocational Education, Industrial Technology, Technical Education, and Apprenticeship Training in both public and private schools.
8. Since all available data indicates that millions of workers will be displaced in the future by automation and/or other advances in technology, it is recommended that a long term provision be included in the proposed employment and training legislation for retraining workers who will be displaced in the future due to advances in technology.

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Senator **Quayle**. Thank you very much.

Mr. Mangum.

Mr. **Mangum**. Thank you, Mr. Chairman.

I request your permission to put in the record not only my written statement but, also, a position paper prepared for Senator Hatch by an advisory group of Utah employment training practitioners, which I chair, at his request. And then I would like to make a few comments related to both.

Senator **Quayle**. Both documents, without objection, will be put into the record.

[The following was received for the record:]

TOWARD AN EFFECTIVE EMPLOYABILITY DEVELOPMENT PROGRAM

Testimony Before A Joint Hearing of
the
Senate Subcommittee on Employment and Productivity
and the
House Subcommittee on Employment Opportunities

by
Garth L. Mangum, Director
The Institute for Human Resource Management
University of Utah

March 15, 1982

Mr. Chairman and members of the Sub-Committees:

As a former staff member of the Senate subcommittee, it is a source of both pride and nostalgia to be asked to testify before this joint hearing.

I have four purposes here today:

1. To establish credibility,
2. To review the accomplishments of CETA,
3. To identify some lessons from 20 years of employment and training activities, and
4. To draw from those recommendations for the legislation currently before these two subcommittees.

Credentials

I was Research Director of the Senate Subcommittee on Employment and Manpower under Senator Joseph Clark in 1963 and 1964 during the formative period of the Manpower Development Act, the Economic Opportunity Act and Title VII of the Civil Rights Act. I served as Executive Director of the President's Committee on Manpower during 1964 and 1965 as the administrative structure for these new programs was being assembled. As a member of an ad hoc task force at the beginning of the Nixon Administration, I introduced the concepts of decentralization and decategorization in employment and training programs, resulting in their becoming the official position of that administration, ultimately incorporated in CETA.

During the years since I left full-time government service, I have been continuously involved as an evaluator and researcher, as member and chairman of various advisory councils and as a trainer of staff for the various programs and administrative entities. I have written and edited some 25 books and numerous articles and government reports on subjects related to these programs. The most recent are three volumes reviewing the training experience under CETA:

The T in CETA

CETA Training: A National Review and Eleven Case Studies
(Both coedited with Sar Levitan and published by the W. E. Upjohn Institute for Employment Research)

CETA: Results and Redesign (Olympus Publishing Company)

My exposure may be greater than my knowledge but my testimony should be assessed in light of that background.

CETA Results

In a word, CETA worked! At least major components did, reasonably well with favorable ratios of benefits to costs. No data set in this complex field is ever unchallengeable. But based on the best data available, which I consider, if anything, conservative, CETA participants experienced an increase in employment stability and pay in relation to the experiences of comparison groups sufficient to provide the following ratios between benefits and costs:

Classroom training: For every $1.00 in costs, $1.14 in benefits
Job Corps: For every $1.00 in costs, $1.39 in benefits
On-the-job training: For every $1.00 in costs, $2.28 in benefits

The Job Corps gains included a combination of income increase and crime cost savings. Classroom and OJT gains were almost totally from increased incomes.

Enrollment in work experience programs resulted in lower post-program earnings for participants compared to similar nonparticipants.

Public service employment if viewed as on-the-job training in the public sector resulted in gains less than those from private sector OJT but about the same as those from classroom training.

State and local prime sponsors were able to plan for and deliver services despite a chaotic environment of economic recession and constant drastic shifts in funding levels and regulations.

Contrary to the public image, fraud was rare. State and local governments have financial control procedures as careful as those of the federal government but that is not uniformly true of the subcontractors where most of the difficulty occurred.

Abuse and waste are less objective terms and more difficult to measure. Certainly there was mismanagement, especially under such pressures as expansion of public service employment enrollments from

300,000 to 750,000 in one hectic nine-month period. I have been harshly critical of CETA management at times but perspective requires awareness of the instability of the environment. Training activities enjoyed a much more stable environment than other CETA components and were therefore much less troubled by managerial weaknesses.

Lessons for New Legislation

From 20 years observation of all employment and training programs including CETA, I would draw the following lessons:

1. Employability development should be at the heart of such efforts. There have been and will be circumstances under which job creation is a priority policy concern. But preparation to compete successfully for the jobs which emerge from the normal economic and labor market processes should be the mainstay of activities on behalf of the disadvantaged worker. Employability development techniques include remedial basic education, English as a second language, and job search training as well as occupational skills training occurring in classrooms or on the job.

2. Enriched work experience can be an effective tool for employability development, as can public service employment. Run of the mill work experience, poorly administered, seems to have incorporated more bad work habits than good ones and resulted in a deterioration of employability. However, special projects of carefully supervised and realistic work experience coupled with remedial education and skill training had high payoff. For those lacking in work experience, especially youth, the realism of a public service job was an effective transition step to unsubsidized employment.

3. On-the-job training is the most cost-effective training for those with the least experience. However, employers are reluctant to accept the most disadvantaged and the most inexperienced, especially youth. Intense efforts and improved incentives will be needed to bring OJT into some reasonable balance with classroom training.

4. Those who profited the most from classroom training were the 30-40 year age group who had experience behind them, were stabilized and knew what they wanted. Youth did not do well comparatively because they were prone to drop out or to not seek or accept jobs in the training occupation.

5. The great payoffs to classroom training came to those who enrolled in and stayed to completion in courses of long enough duration to raise them beyond the entry level of rudimentary jobs. The entire gain for Job Corps came from the 30 percent who remained to completion in programs of over a year in length. For CETA classroom training, those in training for

over 40 weeks had six times the gain of those who were in training between 11 and 20 weeks.

6. Stipends were both a necessity and a harm. Some from low income families would undoubtedly have been unable to continue in training without financial assistance. On the other hand, stipends at the minimum wage level had some youth receiving more than the take home pay of their last pre-program and first post-program jobs--an incentive to enroll but not to learn.

7. Unstable programs are next to impossible to manage efficiently and effectively. The wild gyrations in CETA funding are the basic cause of its reputation for mismanagement. There can be no meaningful planning without some ability to foresee the future.

8. CETA was plagued by too much policing and too little technical assistance. Too often federal staff with no local level experience to draw from could focus only on process and not on substance. Local practitioners needed to be shown how to do right rather than be accused, often unfairly, of having done it wrong.

9. Performance standards must encourage and reward those practices which lead to proven long-run gains. Judging programs on short-run placement and low per-participant cost often led to exactly the opposite prescriptions than those suggested by a focus on long-run improvement in the enrollee's annual income.

10. The managerial capability to manage programs proved to be weaker at the federal level than at the state and local level. During the MDTA/EOA era it proved a truism that the Employment and Training Administration could not adequately oversee a system reputed to involve more than 10,000 separate contracts and grants. CETA proved ETA's inability to oversee and guide approximately 480 independent prime sponsors.

11. Private employers often proved to be useful advisors to employment and training programs where they were listened to on significant issues. They often cooperated in the public interest as long as it was not seriously in conflict with the interests of their own firms. They did not prove themselves capable of managing public programs. Public administration is simply more complex and difficult than business administration.

12. A useful technical assistance system emerged under MDTA relying upon areawide contracts with private nonprofit organizations which had no authority over local entities but offered help in curriculum and staff development, among other services. Technical assistance under CETA too often deteriorated into an unwelcome policing function.

Recommendations for CETA's Replacement

The four bills being considered by this body each have their strengths and weaknesses. It seems most useful to set forth some guiding principles which should be incorporated in the final product which will emerge from the necessary compromises.

1. The Employment and Training Administration should be restrained in this program to dealing with the governor of each state. That recommendation is based on ETA's limitations rather than the strengths of the governors. The states have been less directly involved in CETA administration than have the cities and counties but they can learn from experience as those lesser jurisdictions have done. However, the federal agency must not exceed its limited span of control and the 50 states and several territories are the logical middle management.

2. The federal roles should be sponsoring of research, provision of labor market information, conduct of evaluation (directly or by contract), seeing to the availability of technical assistance, direction of interstate programs and assurance that all activities are conducted within the parameters of law. There is no need to "second guess" state and local decisions or intervene to provide services to nonmobile populations within state jurisdiction.

3. By dealing with a limited number of jurisdictions, the federal agency can enter into a direct advisory relationship with them. The Secretary of Labor should have the advice of a Governors' Council in carrying out his employment and training functions.

4. In fulfilling responsibilities under this act, each governor should be guided by a council within which representatives of private employers and those responsible for local labor market decisionmaking predominate but upon which other interests are represented. The state role should be the fostering of statewide policy, the delivery of service in areas of sparse population, provision of labor market information, evaluation of local programs and technical assistance to local entities.

5. Administration of the new program should begin with the local prime sponsor structure, already in place and functioning, but the governor with his advisory council should be charged with bringing about an evolution to a system of local delivery agents fewer in number and more nearly contiguous with local labor market boundaries than now exist in many states. Such restructuring should occur only in consultation with but not necessarily with the concurrence of the current prime sponsors affected.

6. Each local area service delivery entity should function under direction of the chief elected official or officials of the area guided by a local council appointed by the elected official but with a predominance of private employers. Planning and policy should be the responsibility of the council and execution the responsibility of the elected official.

7. The local council should be responsible for a three-year local plan, updated annually which incorporates the planning of all federally supported, employment related programs in the area. The state council should be responsible for an "umbrella" plan at the state level, proposing broad state policies in advance of the local planning cycle and incorporating the local plans within that of the state. No federal approval of state plans or state approval of local plans should be required.

8. The Congress should legislate a program for the economically disadvantaged separate from those to attack problems facing the mainstream of the labor market. There is a current need for a displaced workers program but it should be separately designed in relation to the unemployment insurance and employment service programs.

9. All labor force participants 16 years of age and older who are members of households with incomes below 70 percent of the lower living standard should be eligible for the disadvantaged program. However, no more than 90 percent of those enrolled in any component need to meet the income criteria at any time as long as all participants face some barrier to labor market success. A variance of an additional 10 percent should be allowed upon a showing to the governor that special conditions exist in the service delivery area which justify such variance.

10. Any activity of proven effectiveness in preparing an eligible participant to become sufficiently attractive to an employer to be hired into unsubsidized employment should be allowable. That should specifically include but not necessarily be limited to remedial education, English language training, job readiness training, job search training, classroom occupational skill training and on-the-job training with both public and private employers. On-the-job training should be of such priority that all possible incentives such as tax credits and brief but fully subsidized "try out periods" should be explored.

11. Payment to enrollees of an amount equal to the personal out-of-pocket costs of participation, as well as subsistence payments to adult participants having nonadult dependents and ineligible for other income maintenance programs should be allowable at state discretion.

12. The ETA should be responsible for a continuing followup evaluation comparing the earnings gains of participants with those of an acceptable comparison group. As long as the benefits in terms of income gains of the participants over those of the comparison group exceed the program costs, Congress should consider the program to be worthwhile. The follow-up sample should be large enough to be statistically valid by state when aggregated over a multi-year period. Whenever any state is demonstrated to have had costs exceeding its benefits for such multiyear period, ETA should be responsible for working with that state and, if the condition continues, to intervene in and ultimately take over administrative responsibility for that state's program.

13. Each governor should negotiate with the chief elected official in charge of each service delivery area an appropriate a set of performance standards. Each governor and state council should develop a policy acceptable to that state for rewarding and punishing local service delivery areas according to performance.

14. Funds should be set aside for a technical assistance system which should be jointly formulated between ETA and the Governors' Council. Appropriate national, multistate and state roles in technical assistance should be negotiated. Multistate and state technical assistance activities should be supported in part by national funds and partly from state allocations.

15. ETA should audit states on a random sample basis such that approximately one-fifth of the states would be audited each year but no one of them would be able to predict when their turn would come. States should audit local delivery areas on a similar basis and share those audits with ETA. ETA should negotiate with the states an acceptable tolerance level for justifiable management error and the states should do so with the local areas. Barring a showing of deliberate intent to defraud, error within those tolerance limits should not result in disallowance of expenditure or other punishment.

16. The program should be permanently authorized with funds for fiscal years following 1983 appropriated for two-year periods extended annually to allow for planning and operational stability. Funds appropriated for one year should remain expendable during the following year. A general rule of thumb should exist that funds should never increase or decrease in real dollar terms beyond some appropriate limit, which for such labor intensive activities as training might be 15 percent from biennium to biennium, but which for more hardware oriented governmental activities might well be less.

17. To start off the new employability development (as contrasted with job creation) oriented program, the 1983 authorization and appropriation should follow these principles:

a. As a proven and stable program, Job Corps should be continued at its current level in real resources requiring approximately $600 million.

b. ETA should have sufficient funds for other national programs for population groups and activities which cannot be constrained within state boundaries but should be held to at least as high benefit-cost standards as should be the case for the states.

c. ETA must have sufficient funding for research, demonstration, evaluation, labor market information and technical assistance. For 1983, $300 million would be an appropriate number for the combination of these two ETA functions.

d. Occupational and nonoccupational training has also been adequately proven under MDTA and CETA. Training capacity is more than adequate because of decreasing numbers of youth to be trained in mainstream training institutions. In the absence of the public service employment and work experience components of CETA, it is reasonable to project some expansion in the number of training slots to absorb more of the eligible population. Reducing the availability of allowances will produce more training slots per dollar of expenditure, but the exact increase which will occur can be learned only by experience. Two billion dollars for distribution by the governors among service delivery areas plus $200 million for statewide activities should allow for some small increase in the number of training slots without straining either the administrative nor the training capacity of the system.

e. Though a separate displaced worker program is needed, time may not allow its formulation this year. Therefore, $100 million would be appropriate to begin experimenting for the development of such a program.

Thus, a total of $3.2 billion appropriated to a state and locally oriented, federally assisted program of employability development on behalf of the economically disadvantaged (with beginning experimentation for displaced workers) could combine both relative frugality and application of 20 years of hard won learning experience.

MEMO

TO: Senator Orrin Hatch

FROM: Utah Employment and Training Advisory Group

RE: Position Paper on 1982 Federal Employment and Training Legislation from Employment and Training Advisory Group

DATE: March 5, 1982

At your request the Ad Hoc Utah Employment and Training Advisory Group has been meeting over the past several weeks to formulate recommendations for the legislation which is expected to replace CETA. They have studied all of the extant bills and have found strengths and weaknesses in them all. It is the concensus of the group that whatever legislation emerges should contain the following provisions. We stand ready to be helpful in providing specific language or providing support for these views whenever that is timely.

PERMANENT AUTHORIZATION

It is recommended that authorization of employment and training programs be on a permanent basis and that fiscal year 1983 appropriation be at a 3 to 3.4 billion dollar level with subsequent year's funding appropriations at a level necessary to carry out the provisions of the Act. After 1983, the program should be forward-funded on a two-year basis to allow stability for planning which should be on a three-year cycle updated annually.

FUNDING DISTRIBUTION

1. It is recognized that there is a need, within the overall allocation of appropriated funds, for funds allocated to carry out both the functions of the service delivery areas and the functions of the Governor on a state-wide basis.

2. Of the total amounts appropriated, 20 percent should be set aside in support of national programs with the remaining 80 percent allocated to state governors. Of those amounts allocated to states through the governors, no less than 90 percent should be allocated to support local service delivery areas activities.

3. Funds should flow to the states on an annual basis by formula based on a combination of the number of economically disadvantaged and unemployed wihin that state and the proportion in the state of any target groups given preference in the legislation or regulations. Allocations to the service delivery area should be based on the same formula.

SERVICE DELIVERY AREA DESIGNATION

1. The legislation should require that all existing Prime Sponsor areas be designated as Service Delivery Areas by the Governor. The Chief Elected Official of such existing Prime Sponsor (or one of them in the case of a consortium) should be recognized as the Chief Official of the designated Service Delivery Area.

2. Any modification of the grandfathered service delivery areas should be subject to concurrence on the part of the Governor, the Chief Elected Official and the PIC that exists within the grandfathered area and should occur only when the Governor finds the existing Prime Sponsor is not adequately, efficiently or effectively serving that area.

3. Any creation of a new service delivery area within the balance-of-state delivery area should be at the discretion of the Governor when it can be demonstrated to be in the best interests of delivery of the program but should occur after consultation with neighboring Prime Sponsors.

SERVICE DELIVERY AREA COUNCILS AND AUTHORITY

1. Each Service Delivery Area should have a Private Industry Council (PIC) with membership appointed by the Chief Elected Official of the Service Delivery Area.

2. The composition of those councils should include, at a minimum, majority representation from the private sector, and such other representation as deemed necessary by the Chief Elected Official of the Service Delivery Area to carry out the intent of the Act.

3. The PIC should develop the service area plan. Such plan should require concurrence on the part of the Chief Elected Official of the Service Delivery Area. The PIC and the Chief Elected Official shall jointly submit the service area plan to the Governor.

4. With the concurrence of the Chief Elected Official of the Service Delivery Area, the PIC may be appointed as the administrator of the program.

LINKAGES AND COORDINATION

1. Linkages and coordination shall be developed as much as possible according to local needs and conditions as determined by the local PICs.

2. There should be a state-level council to advise the Governors, the majority of members of which should be representatives of local PICs.

SERVICE AREA PLAN

1. The PIC should prepare a unified Service Delivery Area plan that should include the functions of all federally supported employment and training programs and the publicly funded labor market exchange function.

2. The PIC may also perform planning functions for other employment and training related activities occurring in the local service delivery area with concurrence of the PIC, the Chief Elected Official and the Governor.

3. There should be a minimum of a two-year planning cycle and a two-year funding cycle with funds not being expended in one program year being carried forward into the next where such carry-over is contained in the approved plan.

ADMINISTRATION

1. The Chief Elected Official should have the authority to appoint the administrative agent for that Service Delivery area. Such appointment, however, should be subject to concurrence of the PIC.

2. The Chief Elected Official and the PIC of the service delivery area would certify to the Governor the administrative capabilities of the administrative agent.

3. No more than 20 percent of the funds distributed to the service delivery area should be expended for administrative costs.

LIABILITY

1. It should be required that the service delivery area negotiate with the Governor a reasonable tolerance level to deal with justifiable management error. A finding of errors within the negotiated tolerance level would require appropriate action at the service delivery area level. Where misspent funds resulting from such errors could not be collected, the service area should not be penalized for failing to collect as long as it can demonstrate that a diligent effort was made for collection.

2. Where the tolerance level is exceeded, the service delivery area should be responsible to make collections of misspent funds. In the event that such collections could not be made, an adjustment would be made within the service delivery area next year's appropriations.

3. Where there is demonstrated willful fraud or abuse, the service delivery area should be required to make collection. In the event collection could not be made after a documented, diligent effort to do so, an adjustment would be made in the service delivery area next year's appropriations.

ELIGIBILITY

1. The criteria for participant eligibility for service delivery area activities should be:

   a. Participants must be 16 years old or over,
   b. unemployed or underemployed, and
   c. family income below 70 percent lower living standard income level.

   However, up to 10 percent of the participants enrolled do not have to meet the income criteria if they suffer from other barriers to employment.

2. An additional 10 percent of such participants may be enrolled in a Service Delivery Area upon the demonstration to the Governor that such enrollments are necessary to carry out the purpose of the program in that Service Delivery Area.

ALLOWABLE ACTIVITIES

1. The determination of activities to be delivered would take place at the local level.

2. Allowable activities should include any activity designed to and proven capable of preparing eligible persons for and placing them in permanent, unsubsidized employment.

3. Reimbursement of trainees' out-of-pocket expenses incident to participation and subsistence allowances to eligible family heads not eligible for other income maintenance programs and having nonemployable dependents should be allowable at the discretion of the Service Delivery Area decision-makers.

PERFORMANCE STANDARDS

1. The Governor would negotiate performance standards for local service delivery areas based upon performance indicators and within ranges developed on a national level.

2. The Governor would take variances in local economic and labor market conditions and local programs into account in negotiating such performance standards.

3. The Secretary should conduct a formal review of any state which consistently under-performs over a period of three (3) years in order to determine if the service delivery areas or their administrative agents in the state should be de-certified.

EDD AND AFFIRMATIVE ACTION

1. Equal access to program opportunities should be guaranteed through the application of all current federal laws and regulations regarding discrimination.

2. Rules regarding equal opportunity and affirmative action should be clearly defined, the standing of local processes should be recognized in complaint procedures and there should be penalties for the pursuit of frivolous complaints.

NATIONAL PROGRAMS

The need for national programs is recognized. Such programs should operate at the direction of the Secretary of Labor, but the concurrence of local service area PICs and Elected Officials should be obtained when national programs impact their areas. Seasonal farmworkers and other nonmobile populations not under the jurisdiction of the federal government should be covered by and served by the service delivery areas.

TECHNICAL ASSISTANCE

Technical assistance capability should be available at the national level but individual states or combinations of states should be given first right to develop their own technical assistance capability and draw upon national technical assistance funds for partial support of those activities.

Participants

J. D. Johnson
Employment and Training Division
Salt Lake City and County

Rich Nelson
Davis County Private Industry Council

Brent McGregor
Mountainlands Assoc. of Govt.

Barclay Gardner
Utah Department of Employment Security

Gary Hansen
Utah State University

William Timmons
Brigham Young University

Garth L. Mangum
University of Utah

Sid Jefferies
Office of Support Services
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Ron Spindler
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Utah State Board of Education

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Utah State University

Kenneth Davies
Brigham Young University

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LAWRENCE C. HOROWITZ, M.D., MINORITY STAFF DIRECTOR

United States Senate
COMMITTEE ON LABOR AND
HUMAN RESOURCES
WASHINGTON, D.C. 20510

March 18, 1982

Mr. Garth L. Mangum
Director
Institute for Human Resource Management
University of Utah
College of Business
Salt Lake City, Utah 84112

Dear Garth,

Again, I wish to thank you for taking time to come to Washington and present the joint subcommittees of the House and Senate with your views on the new employment and training proposals. I apologize for not being able to make the Monday session, but I will be reviewing the statements presented very carefully.

Since I would like to share with my colleagues some of your specific views, I wonder if you would be kind enough to respond to the enclosed questions for the record. Feel free to be as expansive as necessary.

Again, thanks for your assistance and your excellent insights into some very complicated decision-making facing us in the Congress.

Warmest personal regards,

Orrin G. Hatch
Chairman

OGH/1

enclosure

COPY

QUESTIONS FOR MR. GARTH MANGUM

1. You indicated that stipends were both necessary and a harm. Bearing in mind that our goal is to provide training opportunities for as many disadvantaged people as possible with a limited training budget, do you feel that some provision should be made for stipends or allowances? If so, what restrictions would you recommend?

2. What thoughts do you have regarding minimum populations for the designations of service delivery areas and how do you think the best allocations of funds to substate areas can be made?

3. What do you predict would be the consequences of governors discretion in the substate allocation of funds?

4. In your testimony, you stated that dislocated worker programs should be kept separate. Why?

5. The Administration's bill calls for Fiscal Year 1983 funding in the same manner as the current CETA system. S. 2036 would permit the governors to make substate allocations to existing prime sponsors pending formation and certification of the private industry councils for newly designated service delivery areas. What do your perceive are the pros and cons of both arrangements?

THE
UNIVERSITY
OF UTAH

INSTITUTE FOR
HUMAN RESOURCE
MANAGEMENT

ROOM 412
COLLEGE OF BUSINESS
SALT LAKE CITY, UTAH 84112
801-581-6127

March 26, 1982

The Honorable Orrin Hatch
411 Russell Senate Building
Washington, D.C. 20510

Dear Orrin:

The following are my responses to your queries of March 18:

1. CETA was too generous with its stipends, both costing too much and building in the wrong incentives. On the other hand, a totally stipendless program for a disadvantaged population is unrealistic because it would eliminate from participation many of those who need training worst. These two opposing problems can be handled by:
    a. For those without dependents, reimburse them only the out-of-pocket costs of participation in the training programs. For administrative simplicity it would be best to allow the service deliverer to estimate an average amount, such as $5 per day, which would differ in each community depending upon the transportation system, etc.
    b. Where income maintenance benefits are very frugal, it may also be necessary to reimburse out-of-pocket costs for participants who are eligible for income maintenance.
    c. An adult with nonadult dependents who is not eligible for any income maintenance program and has no other adult in the family employed or receiving income maintenance and who could not participate in training otherwise should be allowed a subsistence allowance.
2. I would stick with 250,000 as the minimum population for automatic designation. The national distribution among the states should be based upon proportions of the groups eligible for service. Substate allocations should be made on the same basis.
3. Governors' discretion in the substate allocation would merely be an invitation to conflict among the governor and local officials.

4. Funding for a displaced workers program must be separate from one for the disadvantaged or funds will tend to be drawn away from the latter for the former. That would not prevent separate titles in the same bill with separate appropriations. However, inadequate thought has thus far been given to the dislocated worker problem. I have no objection to a modest experimental start as in either S2036 or S2184. However, there needs to be a separate, more carefully thought through program which must involve both the unemployment insurance system and some form of relocation assistance.

5. Two premises must be recognized to start:
    a. The bill will pass too late for any transition. Fiscal 1983 must go with the system in place.
    b. We must avoid throwing aside without adequate examination what is already in place and working until it is objectively determined that a better system can be devised.

Both of these argue for funding the existing prime sponsors for the first fiscal year. On the other hand, getting the governors and locals working together will not be easy everywhere. Passing the 1983 funds through the governor but requiring them to use the existing prime sponsors that first year will begin building relationships.

I hope these responses are helpful.

Sincerely,

Garth

Garth L. Mangum

GLM:gl

Mr. MANGUM. Thank you.

First, I would like to comment on perspective. Nearly 20 years ago I was the staff director of the subcommittee you now chair and have been continuously involved, in one way or another, in these programs over those years, so that my comments relate to those 20 years' experience.

First I would like to comment very briefly on the CETA experience and, in a word, I would say that CETA worked. That is, that the State and local people to which there was the decentralization were able to plan and deliver services in a very chaotic environment with considerable success; that we have dependable data now which shows that the benefits of most of the components of CETA exceeded the costs; that fraud was infintesimal; that abuse is somewhat harder to define; that mismanagement was common, particularly in the period of 1977 and 1978, when there was too rapid expansion, both in funding and in numbers of peoples enrolled.

What we are discussing here today is change in an effective program from which a great deal has been learned. Now, to some of those lessons:

First, the emphasis on the involvement of the Governors. The Employment and Training Administration at the Labor Department should be required to restrict itself to dealing with the Governors of the various States, not because the Governors' capability has been demonstrated to be so tremendous, but because the ETA capability has been so limited. Under MDTA we learned that Employment and Training Administration could not supervise effectively the 10,000 contracts then in effect. We have subsequently learned under CETA that the Employment and Training Administration cannot relate to 480 separate and distinct prime sponsors. One way of creating a pyramidical management structure for CETA's successor is to have the ETA deal with the Governors of the 50 States and the Governors of 50 States then deal with the local people.

To facilitate that, I would suggest addition of a device that is in none of the bills under consideration. With the Labor Department dealing only with the States, it would be possible to have a Governors council, in which every State could be represented in joint policymaking with the Employment and Training Administration. That could be the top of the pyramid.

Now, to the base of the pyramid. The notion of a private industry council at the local level, upon which most of the members are private employers, is certainly a commendable one and an appropriate one. However, we have found over the years that employers will do a very good job of advising and helping in the policymaking as long as they are listened to, but that public administrators usually end up administering public programs. So I would suggest that the role of the private industry council ought to be planning and policymaking and let the administration be the responsibility of the chief elected officials. In relation to that, you should, for the first year of your new program, go with the current prime sponsors. By the time you get this bill into law, in the summer of 1982, you certainly cannot launch a new system by October 1, 1982. So for the first year, the existing prime sponsor should have continued responsibility.

Then during that year, the Governors, with their advisory councils, can work toward consolidation of many of the small prime sponsors along labor market lines. The Governor should also be advised by a council which has a majority of private industry members, which would begin with private industry representatives from the local councils supplemented by whatever additional business representatives as necessary to constitute a private industry majority at the State level as well. The symmetry would be continued in the Governors Council to the Secretary of Labor, as I have already expressed.

The central thrust of all employment and training programs ought always to have been employability development, even though there are times when job creation is essential. Employability development, includes not just classroom and on-the-job training, but remedial education and English language training for those that need it and for job search training which all need. Any function which does develop employability and the attractiveness of that individual to the private employer ought to be an allowable service.

Eligibility ought to be for all economically disadvantaged people. The experience under the training part of CETA has been that those who have performed the best, and where the investment has been the most profitable, has been the 30 to 40 year age groups. The payoff has been the least for the youth group in general, but, we have learned that carefully selected youth can do very well in training programs.

This leads to another point about long-term training. In the Job Corps, the 30 percent who stayed over 1 year were accountable for all of the gains that were made. In CETA classroom training those who stayed 40 weeks or more had 6 times the gains of those who were in from 10 to 20 weeks. That suggests some kind of a two-tiered program for youth in which they can be carefully selected and, when they prove themselves, can move on from that point.

To try to operate without allowances is unrealistic; as a minimum there has to be a reimbursement of the costs of participation in training—carfare, lunch, and so forth. There ought also to be, at the discretion of the Governor and people at the local level, subsistence allowances for those who are family heads who are not eligible for other income maintenance programs. That is not necessary, in my view, for youth.

Performance standards at the national level must be based, in my view, on long-term followup with comparison groups, with the long-term gain in the income being the primary measure of success.

I will make two very quick final points; there should be a 3-year plan and 2 year forward funding. We ought also to have a rule of thumb that we never increase a program by more than 10 or 15 percent in a year and never decrease it by more than the same amount. We must have stability in these programs if we are going to have any sensible management.

I thank you.

Senator QUAYLE. Thank you very much, Mr. Mangum.

Mr. Shackelford, you hail from Middle America, Muncie, Ind. You certainly have a greater sensitivity than most on the plight of the displaced worker, where unemployment in, I believe, Muncie and Delaware County, according to last figures, is upward of 14 percent. It may be higher by now.

Mr. SHACKELFORD. It is up to 18 and 19.

Senator QUAYLE. Eighteen or nineteen. I am sorry I brought that question up then. I did not realize that it had gotten that high.

But in much of your testimony you stressed the need for the educational programs for displaced workers. You mentioned the technological growth and retraining aptitude that will be required as we move to try to develop new skills for some of our work force that has no real apparent chance of returning to that industry.

I wonder if you have examined title V of S. 2036, which is the bipartisan bill?

Mr. SHACKELFORD. Yes.

Senator QUAYLE. Myself, Senator Kennedy, and others, that deal with the retraining of displaced workers would appreciate any comment that you might have on that particular section; any relevant suggestions that you may want to put forth to make that a more workable part of this legislation.

Mr. SHACKELFORD. Well, that particular section of the bill is a very strong section. It does allow for retraining.

Senator QUAYLE. Could you pull that microphone closer to you so that people in the back can hear you?

Mr. SHACKELFORD. Does allow for the retraining of the unemployed, as you have mentioned. For areas around Muncie—we are talking about Muncie, Anderson, Kokomo, New Castle, which is very highly related to the automobile industry. This is why many of those cities are appearing in the top 10 cities in the Nation as far as unemployment is concerned. These are people who went to those industries to a great extent because of the high wages that were being paid there.

Recently I have had phone calls and letters from many of the unemployed asking how they can get into the type of retraining program that would be made possible by title V of S. 2036. They are very ready and eager to start any type of retraining. All they need is the opportunity and, possibly, some sort of support.

Senator QUAYLE. You say that they are eager to get that retraining.

Mr. SHACKELFORD. Yes.

Senator QUAYLE. Are they getting that now? Is there any effective mechanism out there that is dealing specifically with the displaced autoworker in Muncie, Ind.?

Mr. SHACKELFORD. Most of the students that we have at Ball State University who are unemployed, right now are committing whatever savings they have left to the process of retraining. Some of them are going to school under some existing program, but most of them, because they have been very productive workers in the past, are using their own life savings in the effort to retrain.

Senator QUAYLE. One of the problems that I have discovered in these voluminous hearings that I have had over the past year and a half is the problem that many of the people who are laid off believe that it will be temporary, where, in fact, it turns out to be long term. There seems to be a human tendency, and I don't want to over-exaggerate this, to wait for that recall notice. The unemployment compensation lasts about a year, and sub-pay about another year, and I have found that there is not this recognition that they may not return until their benefits are almost ready to expire. And that gets us into a year and three-quarters before they really seek this retraining.

I wonder if there is anything that we could do to send out a red flag to a number of people who are in this type of situation that they really need to seek retraining and they need to seek it now rather than wait for a more favorable situation in that industry? Is there anything that we can do? The reason we put in section V is not only because we have this problem but to attempt to highlight the problem, the human considerations of the displaced worker.

Mr. SHACKELFORD. I think the most effective method has probably already come about, through the renegotiation of existing labor contracts. I think that a lot of the unemployed who have been on long-term layoffs, are starting to realize that there is no chance that they will ever return to the automobile industry.

I don't know if they had any false hopes that the renegotiations of the new contract would create callbacks. Some thought there was going to be a great increase in productivity in some of these industries creating callbacks. But the new negotiations and the increases in automation, have made many realize that they are going to have to seek employment in some other field.

Senator QUAYLE. Mr. Mangum, the group before you was from Boston, Mass. We had the prime sponsor and the Chairman of the PIC. Both of them spoke—and perhaps you heard it—of the cooperation and the spirit of partnership involved in Boston, Mass. In their testimony they talked about an expanded role of the private sector. Mr. Edgerly said that in some cases the PIC Council may, in fact, want to not only be involved in the planning of the training program but in its administration, but not necessarily all the time; in many cases the administration should be with a different prime sponsor rather than, say, a Federal agency.

I wonder, in view of your past experience in the evolution of the employment and training program, is that flexibility that they talked about something that we ought to pursue and enhance the expanded responsibility of the PIC Council.

Mr. MANGUM. I think certainly it is an expanded responsibility if they were doing the planning and policymaking. When it comes to administration, the head of a business firm is unlikely to be running a public program. The PIC might hire public administrators to run the programs, but they would be essentially the same people the city or the county would hire for the program. I don't see anything to be gained by that. The past experience is that that private administration passed rather quickly. Pretty soon the public agency is back running the program. However the public administrator can always get the advice of the private people if they will listen to it, so the private people feel like they are making a real impact on the system.

Senator QUAYLE. Who should make the decision on who is going to administer the program?

Mr. MANGUM. I would leave that decision to the chief elected official, whatever the unit—at the Governor's level or at the local level if you have more than one jurisdiction involved. Then, if you cannot make it by negotiation, I think the Governor would have to make it.

Senator QUAYLE. So you would not allow the PIC Council to be involved in that decisionmaking process; you would leave it with the chief executive officer; correct?

Mr. MANGUM. Yes.

Senator QUAYLE. How do you get around the argument that this is the same old Government program that wants business to participate but not willing to give them a substantive role?

Mr. MANGUM. I think that making the policy and doing the planning is the substantive role and that who shuffles the pieces of paper is much less substantive

Senator QUAYLE. But you would preclude them from being involved in the decisionmaking, on the administration of it—of the program?

Mr. MANGUM. Yes; I do not have terribly strong feelings, but I have not seen, in my experience, anytime when for very long the private industry people really wanted to be in that kind of nuts and bolts position.

Senator QUAYLE. I agree with you, and I think, by and large, as the people from Boston said, they would not want to be involved. But I was rather—I mean I took notice that both of them said that they ought to be involved in that actual decisionmaking.

Mr. Jeffords.

Representative JEFFORDS. Thank you. It was very interesting testimony and I very much appreciate it. I would like to ask how we, at this level in the legislation process, can try to help ascertain the jobs of the future, so to speak, and what we must do to plan so that we end up training people for jobs that are available instead of jobs that are no longer available? I wonder if you have any further comments on that, especially as to how the legislation could further such work? Also, I might mention the problems that we have, with the vocational education program in this area?

Mr. MANGUM. I think, Congressman, that that determination has to be made at the labor market level. But our labor markets in this country differ so much that even though we know what the national trends are, and that what is going on in Salt Lake City or Muncie or Montpelier, whatever, that only the folks at the State and local levels determine what is going to happen there.

Representative JEFFORDS. I do not disagree with that. The only problem that I have seen is that I have traveled over much of this county and there are only very few areas that seem to be doing this in an organized fashion. So my question is how do we here try to make sure that this is done?

Mr. MANGUM. I think by building the technical assistance role. In the MDTA we had a pretty good technical assistance program going and in CETA we ended up with a policing system rather than a technical assistance program. One reason I would add a Governors Council to the Secretary of Labor is so that that technical assistance program could be worked out jointly, as I described in my written testimony.

Mr. SHACKELFORD. I feel that much of the expertise is already there in the form of the industrial representatives that you have on your Council. These industrial representatives and their local industries are involved in making a profit. They have projections as to where their products are going to be and they also know what type of personnel that they are going to need. Most of them, the ones that are going to stay in continuous business, are involved and know what the technological developments coming down the pike are. Using these people as your counsellors would be very effective. They have the expertise.

Representative **JEFFORDS**. Let me summarize then: You would say the requirement of a plan should be to look at what the jobs of the future are going to be; a determination of those jobs should be made at the local level; and the Federal Government's role in that area should be to provide technical assistance in how to determine what those jobs would be. Is that correct?

Mr. **MANGUM**. That would be my view.

Mr. **SHACKELFORD**. And mine.

Representative **JEFFORDS**. How do we work with vocational education? The program is not addressed except in my bill, which allows for consolidation of some programs. How do we try to make sure that that coordination is achieved with vocational education as well?

Mr. **MANGUM**. Well, may I comment first, Congressman, that, of course, most of the training done under CETA has always been by the State Local Vocational Education people. You have to buy the training from some place. If you are referring to how do the vocational education people decide what they ought to train in, all of them have a variety of systems, some better and some worse. My view would be that it is not so much our lack of knowledge about the direction of the movement as it is getting locked into bricks and mortar, and instructors and so forth, that makes it hard for a system to change very rapidly.

Representative **JEFFORDS**. But it is a serious problem, especially when you get so much capital involved in a school system for certain kinds of training programs. Then you find out those training programs are not training people for the jobs that are available. What do you do? It requires a large capital expenditure in order to make a shift. Without a lot of money, that is very difficult to do.

Mr. **SHACKELFORD**. As you have mentioned, technical training in many careers is expensive when you consider the investment in equipment, personnel, and facilities. Because of these costs, duplication of identical training programs in the same region—ex. similar training programs in area career centers, junior colleges, colleges, and universities all in the same service area—should be avoided unless employment demands dictate otherwise. In this manner when new programs are needed, each institution should be better prepared to make the necessary changes because they are not faced with the burden of having to phase out programs that may not have been necessary because some other institution in the area was already providing the necessary service.

Representative **JEFFORDS**. How do we do that wisely, in this legislation?

Mr. **MANGUM**. I would say in this legislation, Congressman, we ought to recognize that we are dealing with a program primarily for the disadvantaged; that we are going to be dealing with relatively short-term training. We ought to be lengthening the term.

The average right now has been about 5 months. We certainly ought to be building on that.

I think the important thing is to be able to link these situations so that youth could go into relatively short-term training as a kind of tryout. Then those who are successful can go into longer term training. Then make sure there is a ladder so they can jump off the CETA, or whatever replaces the CETA, system, into the mainstream that Mr. Shackelford has been describing. It will be a very selected group who will make what will become the third tier, but it ought to be possible.

Senator **Quayle**. Thank you.

Thank you both very much. We appreciate your testimony. The committee will stand adjourned now until the hour of 9 a.m. and the hearing will take place in the Rayburn House Office Building, room 2175.

[Whereupon, at 3:55 p.m. the committee adjourned to reconvene at 9 a.m. the following day.]

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EMPLOYMENT AND TRAINING POLICY, 1982

TUESDAY, MARCH 16, 1982

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES, COMMITTEE ON EDUCATION AND LABOR, AND U.S. SENATE, SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY, COMMITTEE ON LABOR AND HUMAN RESOURCES,

Washington, D.C.

The subcommittees met, pursuant to call, at 9 a.m. in Room 2175, Rayburn House Office Building, Hon. Augustus F. Hawkins (chairman of the House Subcommittee on Employment Opportunities) presiding.

Present: Representatives Hawkins, Clay, Weiss, Corrada, Perkins, Jeffords, Petri, DeNardis; and Senators Quayle, Metzenbaum, Kennedy, and Pell.

Also present: Representatives Murphy, Mazzoli, and Pursell.

OPENING STATEMENT OF MR. HAWKINS

Representative HAWKINS. The joint hearings on employment and training policy with the Senate Subcommittee on Employment and Productivity and the House Subcommittee on Employment Opportunities is called to order.

The procedure today will be to proceed as we did yesterday on the Senate side. The witnesses will be allowed 5 minutes each and the full text of their statements will be placed in the record. The light will be used; the red light will indicate that all time has expired, the warning light in the center will indicate 1 minute yet remaining. We respectfully request that the witnesses conform to these rules because of the large number of witnesses. Those who do get their 5 minutes should consider themselves in a rather select group. For that reason, we anticipate cooperation.

Senator Quayle will be joining us in a few minutes, but he requested that we proceed because of the element of time.

The first panel hardly needs any introduction. The Chair will refrain from any introductions. All of them are distinguished Members of Congress and obviously very much interested in the subject matter before us, and each has contributed a great share in the development of employment and training policies in the Congress.

We will try to call on them in the order in which they are listed. It happens that the Honorable Tony Coelho, a Democrat of California, is listed first. Mr. Coelho, we welcome you. You may proceed.

STATEMENT OF HON. TONY COELHO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Representative COELHO. Thank you, Mr. Chairman and members of the committee. I appreciate having the opportunity to testify today on behalf of the Epilepsy Foundation of America and people with epilepsy. I have submitted my complete statement to the committee for consideration. However, I would like to briefly discuss some of the problems which those of us who have epilepsy must often face.

The unemployment rate for people with epilepsy is at least twice the national average, and underemployment is even higher. Rejection by employers and coworkers is considered a major cause of this. Poor education and lack of specific job skills are also contributing factors.

However, dramatic gains and medical treatment, specialized job counseling and placement, and industry's changing attitude toward the condition have in recent years increased the chances for jobs.

Much of these gains can be attributed to the leadership of the Federal Government in employment training. The CETA program has especially helped to increase employment opportunities for those of us with epilepsy.

The Training and Placement Service, commonly called TAPS, is the employment program operated by the Epilepsy Foundation of America using CETA funds. TAPS is designed to meet the employent needs of people with epilepsy at the State and local level. In addition to providing job skills and placement services, TAPS provides inservice training for teachers and school personnel and human services professionals and employers.

Employer participation has been a fundamental aspect of TAPS. Employers that have worked with the program and have hired program participants range from the Fortune 500 companies to small local businesses.

The TAPS approach to the employment problems of people with epilepsy has helped the program surpass its placement goals each year. Since its inception in 1976, TAPS has placed nearly 4,000 of over 7,000 program participants in competitive employment.

I believe experience with employment programs for people with epilepsy, and for disabled populations in general, has proven that these programs serve as a step toward helping people with disabilities to achieve full independence as active participants in our society. It is interesting to note that a recent cost analysis of TAPS shows that for every $1 the Federal Government has invested in TAPS, it receives a return of $2 in taxes paid and reduced assistant payments. Thus, these employment programs not only find jobs for people with epilepsy, they are also cost effective.

In conclusion, employment training programs are essential for a healthy labor force. It is crucial to many that Congress either amends or replaces the current CETA program before it expires this year. However, we must be careful to address the training needs of all the people so that we can have a more productive work force.

I would urge you to provide adequate funding for the program to meet the needs of those who are unemployed but employable and will, with this assistance, become productive participants in our labor force.

Furthermore, I have three specific recommendations regarding the employment needs of people with disabilities. First, I recommend that there be provisions for a national program for people with disabilities. Disabled populations have certain disadvantages in gaining employment much the same as migrant and minority populations.

Second, I recommend that legislation provide for representation by disabled populations in the planning of employment programs at the local level. Disabled populations have often not been represented on local planning councils. Since they are affected by local employment programs, they should be guaranteed a voice in the planning process.

Finally, because of the unique barriers to employment for the disabled, I recommend that there be provisions which exempt people with disabilities from income eligibility criteria.

In closing, I would like to commend the committee for your work on this important legislation and urge that those provisions designed to meet the needs of people with disabling conditions be included in this legislation.

Mr. Chairman, I do want to add a personal note in that this program called TAPS which has been so successful with the Epilepsy Foundation of America has been a tremendous success, and I would hope that in any legislation that does come forward you would include these types of programs.

I appreciate the opportunity to be here.

Representative HAWKINS. Thank you, Mr. Coelho. The Chair would like to commend you for your work in this field and, in particular, your work on some of the commercials in which you have appeared. I think they are very effective and you certainly are to be highly commended.

Representative COELHO. Thank you, Mr. Chairman.

[The prepared statement of Representative Coelho follows:]

March 16, 1982

Testimony of Congressman Tony Coelho before the Joint Hearings on Employment and Training

Mr. Chairman and members of the panel:

I am speaking today on behalf of the Epilepsy Foundation of America and people with epilepsy. The Epilepsy Foundation of America is the only national nonprofit voluntary organization dedicated to the welfare of people with epilepsy and their families. The Foundation is committed to the prevention and control of epilepsy and to improving the lives of people who have it. The Foundation works to achieve these goals through a broad range of programs of information and education, advocacy, support of research and the delivery of needed services.

People with epilepsy often face many problems in securing adequate employment. I, too, have the condition and have frequently faced these same problems. I wish to discuss these problems and relate them to the proposals for a new employment training program.

The unemployment rate for people with epilepsy is at least twice the national average, and underemployment is even higher. Rejection by employers and co-workers is considered a major cause of this. Poor education and lack of specific job skills are also contributing factors.

However, dramatic gains in medical treatment, specialized job counseling and placement, and industry's changing attitude toward the condition have in recent years increased the chances for jobs.

Much of these gains can be attributed to the leadership of the federal government in employment training. The Comprehensive Employment and Training Act (CETA), Vocational Rehabilitation and other programs have all provided training to people with epilepsy. These programs have helped them to secure adequate employment in a variety of positions.

The CETA program has especially helped to increase employment opportunities for people with epilepsy. The Epilepsy Foundation of America administers a national program through eleven (11) of its affiliated organizations using CETA funds. There are thirteen (13) other affiliated organizations which operate programs based on a model of the Epilepsy Foundation's program, but their funding has come through CETA funded subcontracts with cities, counties, and States. The model programs have also been funded by private contributions, Vocational Rehabilitation and fees for service, but these sources have generally constituted a small portion of the total. All of these employment programs provide excellent services through job-seeking and job-keeping classes, job development, on-the-job training, placement and follow-up.

The Training and Placement Service, commonly called TAPS, is the employment program operated by the Epilepsy Foundation of

America. TAPS is designed to meet the employment needs of people with epilepsy at the State and local level. In addition to providing job skills and placement services, TAPS provides In - Service Training for teachers and school personnel, human services professionals and employers, as well as presentations on epilepsy for the general public.

Employer participation has been a fundamental aspect of TAPS. Employers that have worked with the program and have hired program participants range from Fortune 500 companies to small local businesses and "mom and pop" type organizations. Civic business groups and organizations have also supported TAPS. The media, including radio, television and print, has also contributed to the success of the program by producing public service announcements to many communities, soliciting involvement from all of its sectors. Representatives from these groups often serve on local and national TAPS advisory committees.

The TAPS approach to the employment problems of people with epilepsy has helped the program surpass its placement goals each year. Since its inception in 1976, TAPS has placed nearly 4,000 of over 7,000 program participants in competitive employment. Analysis of this figure shows that of the number of people placed, approximately

- 71% find jobs after receiving job seeking skills training and job search instruction from program staff;
- 20% find jobs as a result of enrolling in the program

and receiving immediate job referrals without receiving classroom training or instruction;

- 9% are placed in either on-the-job training, vocational training, or other CETA training programs.

The affiliated organizations which operate similar employment programs for people with epilepsy from state and locally administered CETA funds show similar placement results. They also encourage employer participation. However, these programs cannot be uniformly administered, as TAPS is, because of the different placement and evaluation criteria set by the funding sources. In addition, while there is strong employer participation in program activities, there is little financial assistance provided by these private sources. It is therefore important that these programs receive continued support from public sources.

Our experience with employment programs for people with epilepsy, and for disabled populations in general, has proven that these programs serve as a step towards helping people with disabilities to achieve full independence as active participants in our society. The Epilepsy Foundation recently completed a survey of employers, administrators and volunteers involved with TAPS and the affiliate model programs to ask for recommendations for a new employment program. Overall, the survey respondents feel that these programs work. A recent cost benefit analysis of TAPS shows that for every $1 the federal government has invested in TAPS, it receives a return of $2 in taxes paid and reduced assistance payments. The locally administered programs, when considering returns in taxes and reduced assistance payments to both the federal and State governments, show even higher overall returns. Thus, these employment programs not only find jobs for people with epilepsy, they are also cost-effective.

However, despite the number of successful placements by both TAPS and the locally administered programs, only about 1% of the estimated 2 million Americans who have epilepsy have been served because of limited funding and the insufficient number of programs. The same generally applies to all disabled populations. Therefore, it is necessary for us to address the employment needs of all people with disabling conditions.

The survey respondents made several recommendations relevant to the new employment program proposals based on their own experiences. Marketable skill development and job search and placement services, along with the specialized services offered by national programs such as TAPS are essential for successful programs. The respondents also expressed the need for representation for the needs of the disabled in the local planning process and evaluation criteria designed for the hard to place. In addition, the survey results indicated that a new employment program should include provisions for protection from abuses.

Employment training programs are essential for a healthy labor force. It is crucial to many that Congress either amends or replaces the current CETA program before it expires this year. Mr. Chairman, Mr. Hawkins, Mr. Jeffords and other members of this panel, your work and commitment to move legislation quickly for a new employment training program is commendable. However, we must be careful to address the training needs of all people so that we can have a more diverse and productive work force.

Therefore, I urge you to enact an employment training program to replace CETA before it expires. I also urge you to provide adequate funding for the program to meet the needs of those who are unemployed but employable and will, with this assistance, become productive participants in the work force.

Futhermore, I have three specific recommendations for the program regarding the employment needs of people with disabilities. First, I recommend that there be provisions for a national program for people with disabilities. Disabled populations have certain disadvantages in gaining employment much the same as migrant and minority populations. The Epilepsy Foundation survey has indicated that nationally administered programs for disabled populations are needed to better serve the unique needs of certain disabled populations. One response to that survey, I think, clearly states the advantages of national programs, "They step around local politics, and assure continuity of local services, standards of operation and measurable results." Programs like the Training and Placement Service have shown that people with disabilities are effective workers with the right training and counseling.

Second, I recommend that the legislation provide for representation by disabled populations in the planning of employment programs at the local level. Disabled populations have often not been represented on local planning councils. Since they are affected by local employment programs, they should be guaranteed a voice in the planning process.

Finally, because of the unique barriers to employment for the disabled, I recommend that there be provisions which exempt people with disabilities from income eligibility criteria.

Please accept my offer to help you in passing this important legislation and including provisions designed to meet the needs of people with disabling conditions.

Thank you for your consideration.

Representative HAWKINS. The Honorable Frederick Richmond from New York.

STATEMENT OF HON. FREDERICK RICHMOND, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Representative RICHMOND. Thank you, Mr. Chairman and members of the committee. I commend your set of hearings, I commend your legislation. Certainly nothing in this country is more important right now than concentration on employing the unemployable.

We have roughly 10 million unemployed people in the United States. We know that each million unemployed people costs the Federal Government $25 billion a year in unemployment compensation, welfare and other payments, and lost revenues.

We know that our sister nation, Japan, with a population half our size on a piece of property the size of the State of Montana, has literally no unemployment, 100 percent literacy, and functions infinitely more efficiently than we do. How do they do that? The average employer goes into the high schools, interviews students in the high school, brings them into his factory, and operates a government subsidized training program right in within working conditions.

Mr. Chairman, my own District, which includes part of Bedford-Stuyvesant, suffers from unemployment levels of 67 percent among young black men. Now, we all know that a high school dropout, without an education, without the ability to read and write, without any job training experience in the past, has just got to end up badly. There is no future for that type of person in American society today.

We know that that person could cost us, in prison charges alone, $30,000 a year; in welfare charges alone, $7,500 a year. We know that that person is going to spend the rest of his or her life being a taker, not a giver. We know that that person is going to develop another generation of welfare recipients.

Then, on the other hand, we know that we have programs that are tried and proven which will actually work. Investing in job training programs saves billions of dollars of taxpayers' money in the long run.

For example, a study by the National Center on Employment Policy showed that every dollar invested in CETA on-the-job training returned $2.28 in social benefits, including improved earnings and reduced participation in income maintenance programs. Every dollar spent on classroom training returned $1.14 to society.

Mr. Chairman, we have a very successful program in our district in Bedford-Stuyvesant called project upgrade. It has basically three different youth employment training programs. The young people work at on-the-job training for 4 hours a day; the other 4 hours, they are trained to get their GED, they are trained for work experience, they are trained to fill out a job application, how to dress, how to act, how to go to work, how to come in on time.

The total cost of that program is $5,000 per participant. For that $5,000, we are able to place 60 percent of these young people in jobs, nonsubsidized jobs, in which they remain; another 12 percent go on to additional schooling, including college, vocational, or training programs. So we know for a fact that for just $5,000 we are able to take unemployed, semi-illiterate, high school dropouts and make them into full-time productive American citizens. We are giving them an opportunity to share in the great fabulous American pie.

Now, a program like yours should be expanded many times over. It seems to me that everyone in the United States who needs training ought to have an opportunity to get training. It is the most productive way we can spend the taxpayers' money.

Mr. Chairman, I urge you to do everything possible to expand our job training programs, particularly now when we know for a fact that unemployment costs so much more than employment in the United States. Thank you.

Representative **HAWKINS**. Thank you, Mr. Richmond.

[The prepared statement of Representative Richmond follows:]

FRED RICHMOND
14TH DISTRICT, NEW YORK

COMMITTEES:
AGRICULTURE

SMALL BUSINESS

JOINT ECONOMIC

CHAIRMAN
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REMARKS BY
CONGRESSMAN FRED RICHMOND
BEFORE A
JOINT HEARING OF
THE HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES AND THE SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

WASHINGTON, D.C.

MARCH 16, 1982

MR. CHAIRMAN AND MY DISTINGUISHED COLLEAGUES, IT GIVES ME THE GREATEST OF PLEASURE TO ADDRESS THIS JOINT HEARING ON A SUBJECT VERY CLOSE TO MY HEART AND ONE THAT IS CRUCIALLY IMPORTANT TO THE VAST MAJORITY OF MY CONSTITUENTS --- EMPLOYMENT AND TRAINING PROGRAMS.

I REPRESENT THE THIRD POOREST DISTRICT IN THE STATE OF NEW YORK. AMONG MANY OTHER PROBLEMS, MY DISTRICT IS SUFFERING FROM UNEMPLOYMENT OF CATASTROPHIC PROPORTIONS.

THE NATIONAL UNEMPLOYMENT RATE FOR THE MONTH OF FEBRUARY WAS "OFFICIALLY" 8.8% AND, UNQUESTIONABLY, IS INCREASING TOWARDS 10%. AND, WE ALL KNOW THAT THE OFFICIAL FIGURES DO NOT TAKE INTO ACCOUNT PEOPLE WHO HAVE NEVER ENTERED THE LABOR MARKET -- YOUNG PEOPLE WITH LIMITED EDUCATION AND NO SKILLS -- AND ADULTS EMPLOYED IN PART-TIME OR MARGINAL JOBS, WHOSE MEAGER TAKE HOME PAY HARDLY MEETS THE FAMILY'S MINIMUM NEEDS.

IN NEW YORK CITY, UNEMPLOYMENT IS CURRENTLY 9.2%, WITH YOUTH UNEMPLOYMENT RUNNING AT APPROXIMATELY 30%. IN BEDFORD-STUYVESANT, A PART OF WHICH I REPRESENT, YOUTH UNEMPLOYMENT IS 55% AND THE UNEMPLOYMENT RATE FOR BLACK YOUTHS IS A STAGGERING 67%.

THEREFORE, I AM HAPPY TO HAVE THIS OPPORTUNITY TO EXPRESS MY STRONG SUPPORT FOR THE COMMUNITY PARTNERSHIP FOR EMPLOYMENT AND TRAINING ACT, SPONSORED BY THE DISTINGUISHED CHAIRMAN OF THE HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES. I AM PROUD TO BE A COSPONSOR OF THIS MAJOR LEGISLATION. AS A BUSINESSMAN, I CAN TELL YOU THAT THIS TYPE OF LEGISLATION IS URGENTLY NEEDED TO HELP TURN THE MILLIONS OF UNEMPLOYED INTO PRODUCTIVE, CONTRIBUTING MEMBERS OF SOCIETY.

IT IS OBVIOUS THAT MANY INDUSTRIES ARE SUFFERING FROM SEVERE SHORTAGES OF SKILLED WORKERS; SOME ESTIMATES RUN AS HIGH AS A

SHORTAGE OF 2.5 MILLION SKILLED WORKERS IN THIS DECADE. THE AMERICAN ELECTRONICS ASSOCIATION, FOR EXAMPLE, HAS PROJECTED A NEED FOR OVER 250,000 SKILLED TECHNICAL AND PARAPROFESSIONAL WORKERS IN THAT INDUSTRY OVER THE NEXT FIVE YEARS.

THE VAST MAJORITY OF PEOPLE WHO ARE UNEMPLOYED ARE NOT QUALIFIED FOR THE TYPES OF JOBS WHICH ARE AVAILABLE, AND THE BUSINESSES WHICH REQUIRE SKILLED WORKERS ARE NOT ALWAYS EQUIPPED TO TRAIN THEM. TWO-THIRDS OF ALL NET NEW JOBS BETWEEN 1969 AND 1976, WERE CREATED BY FIRMS OF FEWER THAN 20 EMPLOYEES, ACCORDING TO A STUDY CONDUCTED AT THE MASSACHUSETTS INSTITUTE OF TECHNOLOGY. HOWEVER, THE COST OF TRAINING TECHNICAL WORKERS CAN BE PROHIBITIVELY HIGH FOR SMALL BUSINESSES: TOO OFTEN, THESE BUSINESSES ARE FORCED TO FOREGO EXPANSION DUE TO SHORTAGES OF SKILLED PERSONNEL AND LACK OF TRAINING RESOURCES.

CLEARLY, THERE IS AN URGENT NEED FOR A NATIONAL JOB TRAINING PROGRAM, WHICH WILL ENABLE OUR UNEMPLOYED CITIZENS TO FILL THE NEED FOR TRAINED, SKILLED WORKERS AND GET THEM BACK INTO THE MAINSTREAM OF OUR SOCIETY. SUCH A JOB TRAINING PROGRAM MUST BE CENTRAL TO ANY PLAN FOR ECONOMIC RECOVERY. INVESTMENT IN MATERIALS AND EQUIPMENT WILL NOT LEAD TO ECONOMIC EXPANSION UNLESS TRAINED WORKERS ARE AVAILABLE TO DESIGN, BUILD, OPERATE, MAINTAIN AND PRODUCE WITH SUCH EQUIPMENT.

THE RELATIONSHIP OF JOB TRAINING TO ECONOMIC GROWTH IS EVEN MORE APPARENT WHEN SEEN IN TERMS OF THE INTERNATIONAL ECONOMY. IF OUR ECONOMY IS TO GROW, WE MUST BE ABLE TO COMPETE EFFECTIVELY IN THE INTERNATIONAL MARKETPLACE. YET, FROM 1963 TO 1975, THE UNITED STATES' SHARE OF THE WORLD'S SKILLED WORKERS DROPPED FROM 29% TO 26%.

THERE IS NO QUESTION THAT WE HAVE BECOME VIRTUALLY AN ECONOMIC COLONY OF JAPAN. THE REASONS FOR THIS SITUATION ARE MANY AND COMPLEX, BUT IT IS IMPORTANT TO NOTE THAT JAPAN'S SUCCESS IN THE INTERNATIONAL MARKETPLACE CAN BE TRACED, IN PART, TO THE FACT THAT JAPAN PUBLICLY SUPPORTS EDUCATION THROUGH THE UNIVERSITY LEVEL, HAS A 100% LITERACY RATE AND HAS NEGLIGIBLE UNEMPLOYMENT. IF WE ARE TO RESTORE STRENGTH TO OUR ECONOMY, JOB TRAINING WITH A HEAVY EDUCATIONAL COMPONENT MUST BE A TOP NATIONAL PRIORITY.

IN ADDITION TO PROMOTING GREATER PRODUCTIVITY, JOB TRAINING ALSO CONTRIBUTES TO REDUCING THE FEDERAL DEFICIT. EVERY MILLION UNEMPLOYED PEOPLE COSTS THE FEDERAL TREASURY APPROXIMATELY $25 BILLION ANNUALLY.

INVESTING IN JOB TRAINING PROGRAMS SAVES BILLIONS OF TAXPAYER DOLLARS IN THE LONG RUN. FOR EXAMPLE, A STUDY BY THE NATIONAL CENTER ON EMPLOYMENT POLICY SHOWED THAT EVERY DOLLAR INVESTED

IN CETA ON-THE-JOB TRAINING RETURNED $2.28 IN SOCIAL BENEFITS, INCLUDING IMPROVED EARNINGS AND REDUCED PARTICIPATION IN INCOME MAINTENANCE PROGRAMS. EVERY DOLLAR SPENT ON CLASSROOM TRAINING RETURNED $1.14 TO SOCIETY. THESE PROGRAMS ARE OBVIOUSLY A GOOD INVESTMENT FOR THE AMERICAN TAXPAYER.

ONE SUCCESSFUL JOB TRAINING PROGRAM IS PROJECT UPGRADE, AN EXEMPLARY PROJECT, LOCATED IN MY CONGRESSIONAL DISTRICT. PROJECT UPGRADE PARTICIPANTS ARE PROVIDED WITH A STIPEND FOR AN AVERAGE OF 24 WEEKS, DURING WHICH TIME THEY RECEIVE WORK EXPERIENCE AND CLASSROOM TRAINING. AT THE END OF THAT TIME, 60% ARE PLACED IN NON-SUBSIDIZED JOBS AND ANOTHER 12% GO ON TO ADDITIONAL SCHOOLING, INCLUDING COLLEGE, VOCATIONAL OR TECHNICAL TRAINING. THE AVERAGE COST PER PARTICIPANT IS UNDER $5,000 WHICH IS RETURNED TO THE TAXPAYER MANY TIMES OVER.

YOUR SUBCOMMITTEES ARE CONSIDERING FOUR PROPOSALS FOR RESTRUCTURED JOB TRAINING PROGRAMS. ALL OF THESE PROPOSALS SEEK TO INCREASE THE INVOLVEMENT OF THE PRIVATE SECTOR IN FEDERAL JOB TRAINING PROGRAMS. OBVIOUSLY, BUSINESSES ARE BEST ABLE TO PREDICT WHERE JOBS WILL BE AVAILABLE AND WHAT TYPES OF TRAINING ARE MOST NEEDED.

NEVERTHELESS, BUSINESS EXECUTIVES ARE NOT ALWAYS THE MOST FAMILIAR WITH THE NEEDS OF THE UNEMPLOYED. A BUSINESS MAY PROJECT A NEED

FOR COMPUTER TECHNICIANS AND COULD RECOMMEND A SOPHISTICATED TRAINING PROGRAM BEYOND THE REACH OF MOST OF THE UNEMPLOYED PEOPLE IN A GIVEN AREA. FOR EXAMPLE, ONE CETA TESTING, ASSESSMENT AND PLACEMENT (TAP) CENTER IN MY DISTRICT REPORTS THAT IN 1981, 24% OF ENROLLEES WERE READING BELOW THE 5TH GRADE LEVEL, AND 25% WERE DOING MATH BELOW THE 5TH GRADE LEVEL. THERE IS A DANGER, THEN, THAT A BUSINESS WHICH SIMPLY PROJECTS ITS NEEDS AND DESIGNS JOB TRAINING WITHOUT REGARD FOR THE SKILL LEVELS OF THE UNEMPLOYED WILL NOT AID THOSE MOST IN NEED.

BUSINESSES MUST WORK IN CLOSE PARTNERSHIP WITH THOSE WHO KNOW THE NEEDS OF LOCAL COMMUNITIES AND WHO CAN ENSURE THAT TRAINING PROGRAMS WILL REACH THE UNEMPLOYED. IN THE EXAMPLE I JUST GAVE, AN APPROPRIATE PROGRAM COULD INCLUDE A BASIC SKILLS COMPONENT FOR PEOPLE WITH LOW READING AND MATH LEVELS, AND AN ADVANCED COMPONENT TO PROVIDE TECHNICAL TRAINING FOR THOSE WHO HAVE ATTAINED THE REQUISITE SKILL LEVELS.

ANOTHER ISSUE THAT IS HEAVILY EMPHASIZED IN SOME OF THE BILLS BEFORE YOU IS THE ACHIEVEMENT OF JOB PLACEMENT RESULTS. CERTAINLY, I AGREE THAT JOB TRAINING PROGRAMS OUGHT TO ACHIEVE RESULTS. HOWEVER, IF JOB PLACEMENT GOALS ARE OVEREMPHASIZED, THEY WILL CONFLICT WITH ANOTHER CRUCIAL GOAL -- SERVING THOSE MOST IN NEED. THOSE INDIVIDUALS WHO MOST REQUIRE TRAINING ARE ALMOST INVARIABLY

THE HARDEST TO PLACE. THUS, A PROGRAM WHICH ACCEPTS LARGE NUMBERS OF THE NEEDIEST APPLICANTS WILL BRING DOWN ITS PLACEMENT RATE.

THESE TWO CONFLICTING GOALS -- HIGH JOB PLACEMENT RATES AND SERVING THOSE MOST IN NEED -- HAVE ALREADY CREATED TENSIONS IN THE CETA PROGRAM. PROJECT SPONSORS IN MY DISTRICT HAVE ACKNOWLEDGED THAT THERE IS A TENDENCY AMONG CETA CONTRACTORS TO "CREAM," THAT IS, TO ACCEPT BETTER-PREPARED APPLICANTS WHENEVER POSSIBLE IN ORDER TO MAINTAIN HIGH PLACEMENT RATES. I FEAR THAT IF LEGISLATION IS ADOPTED WHICH EMPHASIZES JOB PLACEMENT RATES TOO STRONGLY, THE TENDENCY TO "CREAM" WILL BE INCREASED AND THOSE MOST IN NEED WILL BE CLOSED OUT. THUS, WE COULD RISK PROLONGING THE EXISTENCE OF AN UNDERCLASS OF THOSE WHO CANNOT FIND JOBS AND CANNOT EVEN PARTICIPATE IN JOB TRAINING PROGRAMS.

ONE FURTHER DIFFERENCE BETWEEN THE BILLS BEING CONSIDERED IS THE QUESTION OF WHETHER FEDERAL FUNDS SHOULD BE USED TO PROVIDE STIPENDS TO PARTICIPANTS IN JOB TRAINING PROGRAMS. IF STIPENDS ARE ELIMINATED COMPLETELY, SOME OF THE NEEDIEST CLIENTS WILL BE UNABLE TO PARTICIPATE IN JOB TRAINING PROGRAMS. THEREFORE, I BELIEVE THAT STIPENDS, IF CAREFULLY CONTROLLED, ARE A PROPER USE OF FEDERAL JOB TRAINING FUNDS AND I SUPPORT THEIR INCLUSION IN CHAIRMAN HAWKINS' LEGISLATION.

AN EXAMPLE OF THE PRODUCTIVE USE OF STIPENDS WOULD BE IN APPRENTICESHIP PROGRAMS, WHERE BUSINESSES WOULD AGREE TO CREATE APPRENTICESHIPS BASED ON PROJECTED VACANCIES. FEDERAL FUNDS WOULD SUBSIDIZE THE WAGES OF THE APPRENTICE FOR A STATED PERIOD, AFTER WHICH THE BUSINESS WOULD PLEDGE TO HIRE THE TRAINED WORKER.

ALSO, PROVIDING FEDERAL STIPENDS FOR APPRENTICES WILL ENABLE MANY BUSINESSES, ESPECIALLY SMALL BUSINESSES WITH LIMITED RESOURCES, TO INCREASE THEIR TRAINING CAPABILITIES. THIS IS ONE WAY IN WHICH BUSINESS AND GOVERNMENT CAN COOPERATE EFFECTIVELY, EACH PROVIDING RESOURCES WHICH, TOGETHER, CAN ACCOMPLISH WHAT NEITHER COULD DO ALONE.

FINALLY, I URGE MY COLLEAGUES TO REMEMBER THAT NO JOB TRAINING PROGRAM, NO MATTER HOW WELL DESIGNED, CAN BE EFFECTIVE IF IT IS NOT ADEQUATELY FUNDED. MONEY SPENT ON JOB TRAINING WILL BE RETURNED TO SOCIETY MANY TIMES OVER. IF WE ARE TO MOVE IN THE DIRECTION OF ECONOMIC RECOVERY, WE MUST BE WILLING TO MAKE A SUBSTANTIAL INVESTMENT IN HUMAN CAPITAL.

THUS, I URGE MY COLLEAGUES TO APPROVE LEGISLATION THAT IS ADEQUATELY FUNDED, THAT EMPHASIZES SERVICE TO THOSE MOST IN NEED, AND THAT WILL INVOLVE BUSINESS, LABOR, GOVERNMENT AND LOCAL COMMUNITY GROUPS IN A PARTNERSHIP FOR ECONOMIC RECOVERY.

Representative HAWKINS. The Honorable Robert A. Young of Missouri.

STATEMENT OF HON. ROBERT A. YOUNG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Representative YOUNG. Mr. Chairman and members of the subcommittee, I want to thank you for giving me the opportunity to speak today on the importance of developing a strong national employment and training policy.

I also want to commend the cochairmen for their efforts to set forth such a comprehensive policy in the employment and training legislation which they have introduced in Congress.

It is very obvious that unemployment is one of the most serious problems that is facing this Nation today. I think it is not only devastating to the individuals and families who are affected by it, but it is also detrimental to the Nation as a whole. As Mr. Richmond had mentioned, the increase in unemployment costs $25 billion for each percentage point.

Employment and training programs must be continued at the Federal level. I believe that a redirection is warranted based on our experiences with CETA.

I will not attempt to read my prepared statement, but I would like to hit about five of the main points that I made in the statement.

I think that there needs to be a regional approach to employment and training. I am not questioning the local sponsors' ability to administer these types of programs. They have had about 8 years of experience, and it would be disruptive and costly to establish a totally new system.

However, the independent nature of prime sponsors has produced a piecemeal approach which has resulted in duplication of employment and training services within the labor market area. For example, in my district in St. Louis, there are six prime sponsors, all developing and implementing their own employment and training programs. Federal dollars could be used much more effectively on a metropolitan labor market basis.

I think there needs to be improved coordination among the numerous Federal programs which are designed to serve our Nation's employment needs. The lack of coordination among Federal employment programs has not only been costly and inefficient, but it will dilute our attempts to develop a comprehensive national employment and training policy.

Of such programs such as vocational education, CETA, and the senior community service employment may serve different clients, the basic goals of these programs are the same: To provide employment and training to economically disadvantaged, unemployed, and displaced workers. These types of programs should not be operating as separate entities, but rather as a part of a larger regional employment and training scheme.

As a pipefitter myself, I firmly believe that labor should be involved in any comprehensive job program that is developed at the national level. Two issues that have been of particular concern to labor are reemployment programs for displaced workers and apprenticeship training.

I have attached statements from the St. Louis Labor Council and the International Association of Machinists who deal with these, as well as other labor concerns with regard to employment and training programs.

One of the most important lessons to be learned from our past experience with CETA is the need to involve the private sector in Federal jobs programs. On-the-job training and apprenticeships in business and industry increase the chances of placing people in unsubsidized jobs. According to a training expert who worked in the Carter administration, as mentioned earlier, each dollar invested yields us back $2.55 in benefits to society.

The need for a strong public-private partnership is emphasized in the statement that has been prepared for these hearings by Mr. Christensen, who is chairman of the St. Louis Metropolitan Area Private Industry Council.

Employment-and-training programs must have clear and concise goals, as well as some guarantee of Federal future funding. The fluctuating goals and funding levels of the CETA program discourage private sector involvement at the present time.

One last point I would like to make relates to the use of community resources in our employment and training efforts. I recently met with Dr. Richard Greenfield, who is chancellor of the St. Louis Community College, and he indicated that most community colleges are vitally interested in participating in local employment-and-training issues, but our current job programs do not seem to encourage their involvement. Community colleges have the capacity to serve as excellent training grounds to prepare people for the job market. They should be included in the national employment-training scheme, and full advantages should be taken of all other community resources at our disposal.

Mr. Chairman, I want to thank you again for allowing me to share my thoughts with you today, and I hope that this statement will be of some help as you try to develop a national plan. Thank you very much.

Representative HAWKINS. Thank you, Mr. Young.

[The prepared statement with attachments of Representative Young follow:]

STATEMENT

BY

CONGRESSMAN ROBERT A. YOUNG

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

HOUSE EDUCATION AND LABOR COMMITTEE

AND

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

SENATE LABOR AND HUMAN RESOURCES COMMITTEE

MARCH 16, 1982

Honorable Chairmen, Members of the Subcommittees:

I want to thank you for giving me the opportunity to speak today on the importance of developing a strong national employment and training policy. I also want to commend the Co-chairmen for their efforts to set forth such a comprehensive policy in the employment and training legislation which they have introduced in Congress. The need for this type of legislation cannot be overemphasized. With our national unemployment rate at 8.8 percent, and our youth unemployment rate at an alarming 22.3 percent, it is going to take more than wishful thinking to put this country back to work.

Unemployment is one of the most serious problems facing us today. It is not only devastating to the individuals and families who are affected by it, but it is also detrimental to the nation as a whole. It erodes the tax base of essential federal programs, resulting in less money for the education of our children and the care of our elderly. The cost of income maintenance programs skyrockets. Crime increases as hunger drives people to desperate acts, and the number of families living at the poverty level increases substantially. Economists estimate that the Federal deficit increases by $25 billion each time the unemployment rate rises by one percentage point.

As you know, the Federal Government's involvement in employment and training is by no means a recent occurrence. It dates back twenty years to the Area Redevelopment Act of 1961. This legislation was followed by a number of Federal programs aimed at providing job training and employment opportunities for economically disadvantaged and unemployed individuals. In the early 1970's, it became apparent that employment and training programs needed to be streamlined, and in 1973 this was attempted with the enactment of the Comprehensive Employment and Training Act, better known as CETA.

CETA has been the subject of repeated attacks since its early days. Critics have charged that it is riddled with fraud and abuse. Last year's Budget Reconciliation Act eliminated CETA's public service employment programs and ordered reductions in job training. Federal funding for CETA programs peaked in FY 1977 at $12.7 billion and has since declined to $3.0 billion in FY 1982. The CETA legislation is scheduled to expire in FY 1982.

Employment and training programs must be continued at the Federal level. However, I believe that a redirection is warranted based on our experiences with CETA. Our overall objective in a national employment and training policy should be to provide certain groups with the specialized training that they need to qualify them for jobs that are available in the labor market. Training is the key to our unemployment problems, and it will become increasingly more important as we continue to make technological advancements.

I do not pretend to be an expert in employment and training policy. However, I can reflect on the experiences that my district, St. Louis County, Missouri, has had as a prime sponsor for the past eight years under CETA, and on the valuable lessons that can be drawn from these experiences. I can also draw on my own personal knowledge as a tradesman in the labor force for a good many years.

One important lesson that can be learned from St. Louis County's participation in CETA is the need for a regional approach to employment and training. I am not questioning the local prime sponsors' ability to administer these types of programs. They have had eight years of experience, and it would be disruptive and costly to establish a totally new system. However, the independent nature of prime sponsors has produced a piecemeal approach which has resulted in the duplication of employment and training services within labor market areas. For example, there are six prime sponsors currently serving the St. Louis area, each developing and implementing its own employment and training programs. Federal dollars would be used more effectively if these programs were operated on a metropolitan labor market basis.

Once regional coordination among prime sponsors has been mandated, then we should focus our efforts on improving the coordination among the numerous Federal programs which are designed to serve our nation's employment needs. In addition to CETA, some of the other employment-oriented programs include Vocational Education, the U.S. Employment Service, Targeted Jobs Tax Credits, Vocational Rehabilitation, and the Senior Community Service Employment Program, to name just a few. While they may serve different clients, the basic goals of these programs are the same--to provide employment and training to economically disadvantaged, unemployed, and displaced workers. They should not be operating as separate entities, but rather as parts of a larger regional employment and training scheme.

A recent report which I requested, along with staff members from your Committees, identified nine major employment and training programs and seven related activities of the Federal Government. The Government spent over $17 billion on the major programs alone. This Congressional Research Service Report by Mark Wolfe, dated December 11, 1981, provides an excellent overview of the resources which we could devote to a coordinated effort to help unemployed workers secure jobs.

The lack of coordination among Federal employment programs has not only been costly and inefficient, but it will dilute our attempts to develop a comprehensive national employment and training policy. A number of communities have probably tried to bridge this gap, but they need our help. For example, in St. Louis County, CETA participants are taught such skills as word processing, machine shop, auto mechanics, and auto body repair in the same classroom as vocational rehabilitation students. This has proven cost effective because it has eliminated the need for dual training programs, and it has resulted in successful job placement.

As a skilled tradesman myself, I firmly believe that labor should be involved in any comprehensive jobs program that is developed at the national level. Two issues that have been of particular concern to labor are reemployment programs for displaced workers and apprenticeship training. I think that the greatest long-term impact of the current recession will be the permanent displacement of skilled workers in certain industries. It is estimated that there are currently 500,000 displaced workers in the United States. There has been an excellent program established in St. Louis to work with displaced persons. This program takes into account the impact that the unemployment of these workers will have on the regional economy of an older, urban, manufacturing center.

I have been working with Mr. Fred Speckman of District Nine of the International Association of Machinists on the need for apprenticeship training in the tool and die trade. I certainly hope that the new manpower legislation considers the vital role these apprenticeships play in training a labor force which can reestablish the industrial base of the United States. I have attached statements from both the St. Louis Labor Council and the International Association of Machinists which deal with the issues of displaced workers and apprenticeship training, as well as other labor concerns with regard to Federal employment and training programs. I ask that these statements be included in the record for your consideration.

Of all the lessons to be learned from St. Louis County's experiences with the CETA programs, I think that the most important is the need to involve the private sector in Federal jobs programs. On-the-job training and apprenticeships in business and industry increase the chances of placing people in unsubsidized jobs. There is statistical evidence that training programs lead to increased income for participants. According to Robert Taggart, a training expert who worked in the Carter Administration, each dollar invested in on-the-job training yields $2.55 in benefits to society.

Last summer, the St. Louis County Executive testified before the House Appropriations Subcommittee on Labor, Health, Education, and Welfare on the County's perspective of CETA. In his testimony, the County Supervisor reiterated the importance of private sector involvement in employment and training programs. He noted that:

> "The Private Sector Initiative Programs under Title VII have the greatest potential to create permanent jobs in the private sector....It is expected that St. Louis County will place 65% of its Title VII participants in private sector employment."

Some examples of successful County Private Sector Initiative Programs include automatic screw machine operation, installation/ technician training in the cable t.v. industry, and business machine training.

The need for a strong public/private partnership is emphasized in a statement that was prepared for these hearings by Mr. Duane D. Christensen, who is Chairman of the St. Louis Metropolitan Area Private Industry Council (his remarks are attached for the record). He notes that business, labor, education, community organizations, and local governments should all play a key role in regional employment and training initiatives.

I am pleased that the manpower legislation before us has enhanced the role of Private Industry Councils (PIC's) in the development and implementation of employment and training programs. PIC's can identify the skills needed in a particular area so that people can be trained in accordance with labor market demands. However, if we are going to work closely with business and labor in the planning and delivery of these services, we must bring a sense of stability to these programs. Employment and training programs must have clear and concise goals, as well as some guarantee of future funding. The fluctuating goals and funding levels of the CETA programs discourages private sector involvement at the present time.

One last point which I wish to make relates to the use of community resources in our employment and training efforts. I recently met with Dr. Richard Greenfield, Chancellor of St. Louis Community College, and he indicated that most community colleges are vitally interested in participating in local employment and training initiatives, but our current job programs do not seem to encourage their involvement. Community colleges have the capacity to serve as excellent training grounds to prepare people for the job market. They should be included in our national employment and training scheme, and full advantage should be taken of all other community resources at our disposal.

Again, I want to thank you for allowing me to share my thoughts with you on the development of a national employment and training policy. I hope that this information will be of some help to you as you endeavor to put America back to work.

St. Louis LABOR COUNCIL AFL-CIO

1401 Hampton Ave
St. Louis, Mo. 63139

March 4, 1982

Congressman Robert Young
Second District Congressman
House Office Building
Washington, D.C. 20515

Dear Congressman Young:

In response to your request for the position of the St. Louis Labor Council on the pending CETA reauthorization legislation, I have enclosed the following:

1) A four-paragraph statement on jobs and training adopted by the AFL-CIO Convention November 19, 1981. (Not Attached)

2) A June 19, 1981 seven-page statement by Robert McGlotten, Associate Director, AFL-CIO Department of Legislation. (Not Attached)

3) A seventeen-page detailed position paper on "Issues Affecting CETA Reauthorization and Organized Labor," provided by the Human Resources Development Institute. (Attached)

This material, in addition to what I have previously provided you, should give you the general background information on the National AFL-CIO position.

In addition, our staff has reviewed the two major legislative proposals currently under consideration in the Congress; namely The Community Partnership for Employment and Training Act sponsored by Congressman Hawkins (D-California), and the Training for Jobs Act co-sponsored by Senators Quayle (R-Indiana) and Kennedy (D-Massachusetts).

We see four major issues of concern to organized labor in these bills:

1) Labor Representation on PICs

Both bills strengthen the role of private industry councils in planning and decision-making. Yet, neither bill provides a strong role for organized labor. The PICs still remain dominated by business with what will be a very small role for labor.

Labor's role needs to be increased if these programs are to provide quality training for permanent jobs.

2) Labor Protections and Opportunities

Congressman Hawkins in Section 123 presents a very comprehensive history of the standards which must apply to these programs. The Quayle/Kennedy bill contains little in the way of such standards. We want to see prohibitions against the displacement of regular workers, protections regarding prevailing wages and benefits (including Davis-Bacon) and maintenance of effort provisions made a part of any legislation. We also want to insure that consultation and concurrence provisions are included and required.

3) Displaced Workers

(A) Hawkins sets aside $500 million for displaced workers. Kennedy/Quayle set aside only $100 million. Both require a 50% match of state and/or local funds for federal funds. Certainly $500 million is preferrable to $100 million. However, if states which are the most in need can't furnish the match, then no programs can be funded. Although we support Hawkins' proposal to let the states count the unemployment insurance benefits paid to displaced workers who are in training, it would be most preferrable if there was no match required at all. However, if a match is required, there should be flexibility to allow for in-kind, as well as, a cash match for these funds.

(B) Hawkins provides for a strong role for organized labor in the planning and design of displaced worker programs. Kennedy/Quayle only suggests that states may choose to operate programs with labor unions. We prefer the language in Congressman Hawkins' bill (Section 306) "Consultation with labor organizations."

4) Wage Subsidies

Both bills establish some form of wage subsidy in the private sector. Hawkins limits the subsidy to youth 16-19. Kennedy/Quayle allows anyone (youth or adult) to be outstationed to the private for-profit sector while on the public payroll for up to six weeks.

We oppose wage subsidies to for-profit employers, historically those low-wage, high-turnover jobs ; provide little meaningful training; subsidize employer profits and usually result in the trainee being discarded when the subsidy runs out.

Finally, the project which is very close to my heart, and one I think that you should be kept aware of is the St. Louis Metropolitan Re-Employment Training Project, which was initially funded by the Department of Labor and is presently being funded by a $150,000 grant from Civic Progress.

This program deals with the non-traditional unemployed worker, that is to say, workers who after years of regular employment find themselves out of work because of changes in an industry, plant closings, as well as, Reaganomics. Without exception, these workers are not prepared socially, mentally, or financially to cope with their loss of employment.

The necessity of a career or occupation change is frightening. The loss of steady income is disastrous and quite often leads to the collapse of the family unit itself. The Metropolitan Re-Employment Training Project has provided a vitally needed service and support to workers who find themselves faced with this crisis.

In addition to the enclosures I mentioned earlier, I am enclosing some findings of the Re-Employment Project. I hope that you will find them informative and helpful in considering the CETA Reauthorization legislation presently before Congress.

Thanking you for your interest, I remain

Sincerely and fraternally yours,

Robert J. Kelley, President
St. Louis Labor Council, AFL-CIO

RJK/klk
Enclosures
OPEIU # 13
cc: Congressman Gephardt
John H. Clark

ISSUES AFFECTING CETA REAUTHORIZATION & ORGANIZED LABOR

During the next several months, congressional committees, the administration and various interest groups will be examining an assortment of educational, employment and training programs. Among the most significant legislative pieces to be reviewed is the Comprehensive Employment and Training Act.

Organized labor has had extensive but mixed experience with CETA at both the national and local level. Often labor involvement with CETA at the local level has resulted in extremely successful training programs and good jobs for CETA clients. In other cases, labor has had limited and often negative contact with CETA.

Although no one can specifically predict the nature and extent of employment and training programs in the next few years, clearly the current administration supports the following:

- Fewer federal dollars. Estimates regarding annual appropriations for employment and training activities range from less than a billion dollars to three billion. It is expected that both Summer Youth Employment Programs and Job Corps are to be continued with a portion of these funds.
- Divesting the federal government of the responsibility for regulating, monitoring and evaluating programs and consequently increasing the role of the states in program operation.
- Consolidating and streamlining related human service

programs (vocational education, welfare, employment and training, employment service).

- Focusing programs upon training, job search assistance and labor market information/exchange - not income maintenance or direct job creation via PSE.

This is all the more reason for labor to fully examine the existing system and the ways in which it has and has not responded to union concerns. Why should labor become involved in CETA reauthorization? Because CETA means resources for workers, including dislocated workers; because its programs directly affect collective bargaining agreements and wages because it deals with two issues of vital concern to labor- training and employment; and because it determines the employers, the schools, and the occupations which will receive taxpayers' training dollars.

For the next several months the continuing debate -- whether CETA is to be a social welfare instrument or a business-oriented common policy instrument will be magnified. Concomitant with this debate will be efforts to eliminate regulations and weaken protections for CETA clients and organized labor in the name of "paperwork education" and increased "local flexibility".

In addition to CETA reauthorization, there are major efforts to expand this legislative process to include issues relating to welfare reform, - i.e. "workfare" vocational education and the employment service. Labor will have an even greater stake in the discussion should such programs be included.

In this debate, it is important to recognize that any comprehensive employment and training system should serve three main functions:

1) Labor Market Intervention -- this system must perform a labor exchange/labormarket information function for job-ready workers in serach of employment opportunities and should provide worker adjustment assistance for those caught in an economic downturn. It also should serve to break down barriers to employment suffered by those who have been discriminated against due to race, age, sex, and handicap.

2) Employability Development -- this system must provide education, skills training and job search assistance for those wishing to enter the labor force; those in the labor force with dead-end jobs, and those who have absolete skills.

3) Economic Development/Job Creation -- this system should provide hiring incentives for the private sector to create employment opportunities for those in the system. It should use public resources to leverage private sector funds for economic development and job creation. Finally it should contain mechanisms to create publicly-funded jobs when the private sector cannot.

There are a multitude of issues which require debate and discussion in the forthcoming reauthorization efforts. Although most of them will have some impact upon labor's relationship with CETA, there are specific issues which will greatly affect not only labor's direct involvement with CETA but will affect this country's overall approach to employment and training. The following is an attempt to present the positions expressed to date by certain interest groups regarding these issues and to analyze the impact of such issues on organized labor.

I. TARGETING

Who is to be served? As dollars grow smaller, this issue becomes increasingly important. There are a range of positions on the "targeting issue".

They include those who wish to see the system serve only welfare recipients and the general assistance population; those who favor a continuation of target groups with a setaside for non-economically disadvantaged workers; as well as those who favor complete local flexibility in determining client groups.*

Organized labor has consistently supported directing CETA resources to significant segments in the population (the unemployed, underemployed, welfare recipients, econimically disadvantaged, women, minorities, handicapped, veterans, etc.) and has also supported the equitable service mandate to enroll these groups in proportion to their incidence in the population. However, the labor movement has a clear interest in seeing employment and training resources also directed to workers in entry-level jobs who desire upgrading and workers who have been displaced by imports, new technologies, economic downturns and plant closings.

One of the most signigicant and far-reaching tenets of the new legislation will be the development of an appropriate mix of persons eligible for federally-funded employment and training services. Organized labor and all interest groups will have to come to grips with issues related to targeting those "most in need" while adjusting eligibility criteria to ensure that CETA is not opened up to everyone. It is also important for organized labor to examine the practicality of operating

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* The groups most commonly identified as "most in need" of employment and training services are:

- youth from low-income and minority families
- young women with dhildren
- adults with chronic labor movement problems - especially female heads of household
- dislocated, experienced workers -- especially from declining regions

retraining programs for workers involved in mass lay-offs with a local delivery system.

II. DESIGN AND DELIVERY ISSUES

A. BLOCK GRANTS

In the past labor has clearly benefited from a system where the federal government retained control over funding and programs. However, it seems apparent that: 1) there will be less regulation and less prescription from the federal government after reauthorization (meaning less mandated protections and opportunities for organized labor), and 2) union programs currently operating will be reduced and most national and international unions will have to seek alternative funding at the state/local level.

The CETA system will undoubtedly be more decentralized after reauthorization than it is today. Clearly this administration is strongly advocating a block grant/no strings-attached approach to employment and training.

This approach has two major facets:

1) Consolidation/coordination of human services programs, including:
   - vocational education programs
   - employment and training programs
   - employment service activities
   - welfare programs
2) Increased role for the governor/state in designing, regulating and implementing the above programs.

In examining the impact of "block grant" funding on organized labor several questions can be raised. They include:

- What programs (i.e., welfare, employment service, CETA, vocational education) should be encompassed under a single-funding umbrella and what should remain external? How will labor gain or lose by this consolidation? What is the impact upon the apprenticeship system and its status within such a program context?
- Should this consolidation of programs and services be prescribed at the federal level or should the states be permitted to make the choices of delivery systems?
- What should the role of the federal government be in prescribing organized labor involvement in the planning and implementation of these programs?
- What aspects should be legislated? What aspects should be administratively regulated?
- What measures of client eligibility and targeting are appropriate?
- What functions should be carried out at the state level and which at the local level?

Experience has shown that organized labor benefits when there are regulations specifically prescribing:

- standards for wages, benefits and working conditions.
- protections against displacement and for maintenance of efforts.
- labor participation in the planning, review, implementation and monitoring of programs.

It seems clear that only when the regulatory protections and mechanisms for union involvement exist and when there is an active and informed local labor movement, can locally operated programs positively impact on labor.

Organized labor needs to participate in debate regarding merits of the present system as well as the advantages/disadvantages of block grants. We will undoubtedly benefit from a system that is soundly managed, regardless of the level of government from which it operates. Such a system must 1) contain opportunities for planning and operational review by DOL, labor and other interest groups, and 2) hold local program agents (whether they be labor market boards or elected officials) accountable for program activities and 3) maintain labor standard and protections.

B. THE ROLE OF THE PRIVATE SECTOR

In addition to an increased role for state government, the current administration as well as Congress advocate a much stronger role for the private sector in the employment and training system. Although most shy away from complete private sector contact over funding it seems clear that 1) focus will be on greater involvement in program planning and implementation by the private sector and greater incentives (i.e., wage subsidies, tax credits) for the private sector to hire program enrollees.

The most favored mechanisms for encouraging private sector involvement in employment are "councils".

Presently the CETA system operates with three advisory or quasi-advisory boards. Although each board has a specified area of involvement, roles often overlap. This duplication, coupled with the general public confusion resulting from three different advisory councils, has prompted a movement toward consolidation of these boards.

Only one council - the Private Industry Council - has any semblance of business participation on it. PICs will probably form the institutional foundation for private sector participation in CETA. The currently forwarded terminology is to call these boards - "Labor Market Advisory Boards". Of course consolidation/creation of these boards at the state level would have different implications than consolidation at the local level. However, despite political geographical and structural issues, there are aspects of this kind of "public/private partnership" which cut across government levels.

(1) Authority and Control Issues

Some advocate delivering training through public/private corporate entities. Modeled particularly on the PIC arrangements in Western Europe such thinking poses a radical departure in the administration of programs.

There are again a variety of opinions on this issue. Some advocate a PIC-like relationship giving the councils concurrence authority over the entire plan. Other groups feel that such councils should be strictly advisory with any increase in power negotiated at the state/local level. Still others advocate that these councils or boards actually receive funds to plan and administer the programs as legally corporate entities.

In areas with a recalcitrant governmental program agent, organized labor could benefit from a strong, independent council. On the other hand, organized labor could suffer if a strong council harbors anti-labor sentiment.

(2) Composition Issues - The Role of Organized Labor - Who would select this entity? According to which criteria? Only one prime sponsor group has publicly endorsed the concept of an equal tripartite partnership between labor, business and government on these councils. The majority have supported bodies dominated by business and industry. Labor representation

on PICs to date has been limited to one or two individuals. Consequently, labor involvement has also been limited. If such councils acquire the power of concurrence, and/or grant authority, labor should aggressively pursue equitable and equal representation through law, regulation and DOL policy. In the forthcoming deliberations, labor must also identify the role that state and central bodies will have in determining the participation of the local labor movement onthese councils.

During this debate on the role of the private sector, it is important that organized labor identify itself as an integral part of the "private sector" to the employmetn and training system. Currently the "private sector" in CETA terms connotes management. This results in a business-minded and business-dominated approach that often ignores the concerns of organized labor. Labor is in many cases an afterthought and involvement is some timestoken. Labor officials themselves fail to take the lead and often only become active after a proglem has occured. Making the connection between CETA-related issues and those directly related to membership services is difficult for many local union officials. However, it is incumbent upon union leadership at all levels to recognize the importance of active role in the design and operation of these programs. Failure to do so will result in poor-quality training for CETA clients, increased abuse by employers and a loss of protections gained thus far.

C. LOCAL ROLE

Despite strong inclinations to give the states an increased role in employment and training, there still exist numerous advocates who support locally controlled employment training programs. Essentially they support the existing CETA system with certain changes, including targeting, funding geographic coverage, etc.

Included among the questions raised by proponents of local are:

- What functions should this system provide?
- Should the job service, win and CETA programs be consolidated at this level?
- Given limited funding, should the size of delivery areas be increased? Do operations based upon labor market areas make sense? Do operations based on population cutoff (i.e., 250,000) make sense?
- What role should the states play?
- What role should organized labor have? Is the current system of labor participation and protections satisfactory? If not, how should it be changed?

III. FINANCING & MANAGEMENT ISSUES

A. Funding Support - There are varied opinions in funding support for employment and training programs. Some of these opinions are mirrored in the following questions which organized labor should examine in reviewing funding support issues:

- Should state and/or local matching funds be required? Is so, on what basis and on what scale?
- Should contributing funds be required from employers?
- Should contributing funds be required from employees?
- Should trust funds modeled after those used for unemployment compensation be established for employment and training?

B. Fund Distribution - One of the single most significant barriers to program effectiveness has been the chronic funding uncertainly plaguing programs. Both organized labor and the employment and training system would benefit from forward funding (i.e. an upfront commitment of 2 or more years of funding) as well as provisions enabling the program agent to commit and carry-over its funding for more than one year. Such a system would particularly benefit funded apprenticeship programs and would likely encourage program agents to commit themselves to longer-term higher quality training.

C. Performance Based Funding and Management - There is clear support for at least partial funding of these programs on the basis of "performance". Although it sounds like a sensible approach, problems arise when measuring "success". The current system emphasizes placement with little regard for quality or skill level. It places a premium on low-cost/high quality placements. Since labor-sponsored programs tend to be longer and cost more, such influences undoubtedly serve as a disincentive to Prime Sponsor funding of union-involved programs. Although there are laudable efforts to localize performance standards by including a variety of local factors is assessing the outcomes of CETA programs, more attention must be given to revising overall assessment criteria especially if funding will be predicated on these outcomes. Follow-up findings consistently reveal that the earnings and gains of participants are influenced by their length of stay in the program. Organized labor should support efforts to reward program agents who wish to provide more intensive services to participants. Unions would undoubtedly benefit if such funding and management incentives were formally incorporated into the system.

D. Planning Issues - Presently the Department of Labor requires Prime Sponsors to submit a Master Plan detailing their administrative systems and structure as well as annual plan subparts which describe actual program operations. Many Prime Sponsors argue that the Master Plan is a burdensome document which should be replaced by DOL certification of operational procedures.

The Master Plan includes a description of the arrangements to consult with the involve organized labor in the design and operation of CETA programs. Although required, such descriptions are often sketchy and more often, totally absent from the document. Therefore, it would appear that organized labor could benefit from standardized procedures for DOL certification of institutional relationships with labor. State and central bodies should have input into such a process and DOL could integrate this information into all management training offered to CETA staff.

IV. OPERATIONAL ISSUES

A. Consultation & Concurrence

One of the most significant debates in the forthcoming reauthorization will relate to the reduction in paperwork and "burdensome" federal regulations. Several interest groups(including the major business organizations) have attacked the consultation and concurrence requirements as bureaucratic procedures which divert attention from services to participants and industry. Many organizations advocate the elimination of these requirements under the guise of enhanced local "flexibility" and urge that such decisions be left in the hands of local program administrators.

Organized labor needs to confront these attacks (which have been longstanding in certain cases, i.e., the Chamber of Commerce). An appropriate response should include a qualitative demonstration that the consultation and concurrence requirements do not diminish services to participants or responsiveness to the private sector. Rather, the contrary. We must argue that the requirements to consult with the appropriate labor organization in the design and operation of training results in better programs which impart real, marketable skills to participants. Organized labor must also make it clear that the concurrence of the bargaining agent is absolutely essential if training programs are to be successful and the participant is to be fully integrated into the workplace.

B. Allowance Payments

Cutbacks in funding combined with increases in the minimum wage have caused the issue of allowance payments to participants in classroom training to become a major concern of Prime Sponsors. They argue that minimum wage allowance payments to trainees with no deductions taken provide a disincentive to placing clients. (Obviously, these placements are in minimum wage jobs.) Several groups have advocated a reduction in the allowance payment and/or its elimination leaving the final decision with the local Prime Sponsor. It has been suggested that this sytem be structured to parallel the trainee's differential included in the Fair Labor Standard Act. Although organized labor should continue to strongly challenge the placement of trainees into minimum wage jobs, in reality such placements will continue.

In the past, the AFL-CIO has suggested as an alternative that Prime Sponsors could reduce the overall weekly allowance by paying participants the full minimum wage only for hours actually spent in the classroom. By not subsidizing time spent in counseling and job search, the Prime could perhaps save 2-5 hours per week in costs. Although not officially sanctioned by the federation, another option which could be discussed would be a system of regular deductions which reflect those actually taken in the workplace. These "deductions" could then be placed in escrow for the client to be used as an incentive bonus or as an income support while he/she is looking for work.

If these options are not chosen and allowances are eliminated and/or reduced, there are two possible outcomes: 1) the only clients left will be those with outside means of support (i.e. family, friends, or "other"); 2) the only training offered will be of short duration.

Organized labor must continue to be an advocate for the participant as well as an advocate for quality training. The reduction and/or elimination of allowance payments should be strongly opposed.

C. On-The Job Training/Work Experience in the Private Sector

In the rush to expand hiring incentives for business, several groups have advocated a 100% wage subsidy for clients working in the private sector. This 100% subsidy is characterized as a "tryout" period before the employer makes a commitment to hire. Once a client is hired, the employer can then take advantage of an OJT contract. Timeframes for this "tryout" range from 3 to 6 months. Some groups have suggested a minimum transitional requirement and/or a variable, declining subsidy to be negotiated locally. Only one group thus far has suggested a limit of 5% of CETA dollars be allocated to this activity.

These efforts coupled with the movement to further streamline OJT contracting procedures pose a significant threat to the protections against employer abuse fought for by labor.

As the emphasis upon private sector placements increases, labor should prepare itself for a significant battle with most interest groups over these issues.

D. Protections

Benefit protections for workers in public service jobs have been attacked by some groups as too expensive and too restrictive! They argue that PSE workers are "temporary" and should not be extended benefits such as retirement, extensive insurance coverage and unemployment insurance. Although presently applied only to PSEs, these attacks may likely be broadened to include benefits and protections afforded other participants as well.

E. PSE

Consistent with the policy of the AFL-CIO, most interest groups have expressed support for PSE as an allowable activity. Some have suggested it be maintained as a separate, categorical activity while others have suggested that it be one of many options available to local Prime Sponsors.

F. Employment Generating Services/Economic Development Activities

Although the recent actions by Congress in folding in the 10% economic development bonus incentive set aside into the Title VII formula allocation will certainly limit the focus on private sector job creation activities, it will not mean the end of CETA and economic development linkages.

The effects of the current 30% set aside in Title VII for employment generating services upon labor are uncertain. However, labor should carefully assess the impact of these indirect program activities intended to generate jobs. For the most part, marketing, public relations and the "soft" activities paid for with EGS monies have not demonstrated tangible, direct benefits to labor and the interests we represent.

G. Relocation - Trade Adjustment Assistance

Although not finalized regulations for the distribution of TAA funds direct monies toward the Employment Service, who must include CETA Prime Sponsors in the development and implementation of training programs. Such TAA training activities should be closely monitored both for there present effectiveness and their future impact on reauthorization.

1) Individual - Although CETA funds have not been used to assist individuals to relocate, there is a growing movement to support such an activity. The political and programmatic aspects of such a policy have significant implications for organized labor.

2) Business - HRDI in conjunction with the AFL-CIO Research Department has been involved in the formulation of DOL policy in CETA-supported business relocation. To date, the Department of Labor has been unable to reconcile the needs for greater responsiveness to business with the interests of potentially displaced workers.

As the impetus for private sector involvement gains momentum, issues such as worker displacement and runaway plants could be overshadowed. Vigilant labor oversight needs to continue through the reauthorization process in order to safeguard existing protections.

H. Upgrading and Retraining

As referenced in the earlier section on "Targeting", there is an ongoing debate as to whom CETA shall serve. The existing legislation allows a small percentage of CETA funds (6.5% in Title II and 15% in Title VII) to be spent on upgrading and retraining.

Upgrading and retraining programs have received broad support among the interest groups involved in the reauthorization process. Following a period of inactivity, many prime sponsors are beginning to show increased interest in operating, upgrading and retraining programs. There has also been a marked increase in the level of union interest in these programs. In recent months, HRDI has received specific requests for information from unions representing laid-off auto workers, teachers, railroad workers and food and retail workers.

One of labor's challenges in the forthcoming reauthorization process will be to assure funding for activities directed toward the structurally unemployed while pursuing support for adjustment, retraining and upgrading programs for regular workers.

**INTERNATIONAL
ASSOCIATION OF
MACHINISTS AND
AEROSPACE WORKERS**

MACHINISTS BUILDING, 1300 CONNECTICUT AVENUE, WASHINGTON, D. C. 20036
Area Code 202—857-5200

March 12, 1982

Congressman Robert A. Young
4154 Cypress Road
St. Anne, Missouri 63074

Dear Congressman Young:

Since it's very inception, the International Association of Machinists and Aerospace Workers has attempted to assure that the high skill requirements of the machinist trade are preserved and upgraded to keep pace with the ever-changing demands of new technology. It has continued to support and encourage apprenticeship training programs as the principle means of achieving this goal.

Unfortunately, during the last twenty years many employers have become reluctant to invest in long term quality career training programs mainly because it does not meet the requirements of their short term corporate profit structure. This lack of training coupled with the growth of business and the large number of craftsmen that have been lost through attrition, have created a serious national shortage of qualified journeymen machinists and tool and die makers. It was recently reported by Brother Fred Speckman, IAM District Lodge 9, Directing Business Representative and President of the IAM Tool and Die Conference, that the average age of an IAM tool and die maker is 58 years old; that leaves us little time to utilize their valuable experience before it is lost forever.

Representatives within government propose to solve the skilled manpower shortage in two principle ways: it would expand skilled trades training through vocational schools and colleges and it would substitute labor saving technology wherever possible and consistent with the state-of-the-art technology.

We shall comment on these approaches in order of mention. First, it must be understood that during the past 20 years the bulk of apprenticeship training has come through the collective bargaining process. While the objective of training people through vocational and technical schools is laudable, it also is an objective seldom realized. Vocational and technical schools do not produce skilled tradespeople. They produce, at best, individuals who are only prepared to enter the field of craft training. At worst, vocational and technical schools train machine operators production type workers rather than skilled machinists and mechanics. The value of vocational and technical schools, if used and organized properly, is important and can funnel people into a bona fide registered apprenticeship program. But they cannot replace genuine apprenticeship training because they cannot provide experience in the real world of work and the pressures of the work environment, or the experience of learning the trade from many craftsmen rather than one instructor.

That essential experience and training has to take place on the shop floor with the skilled or master craftspersons at the apprentice's side.

However, since most skilled trades training occur as a result of the collective bargaining process, then the best place to begin recruitment of potential apprentices is in the plant or shop itself. There we are more likely to find the people who have already obtained some of the skills of a journeyman. By upgrading them through a registered apprenticeship program, it is possible that within the next two years, the skilled trades gap could be closed, in terms of expediency, quality of work and skilled craftspersons.

Another important factor is this upward mobility would create entry level openings and opportunities for those who are in occupations at the bottom of the skill ladder, that is where the glut in cyclical unemployment is found.

Someone has to know how to tool, manufacture, repair, service and learn the new technology. Some of our employers have come to realize they get more productivity and production out of this equipment, when joureymen machinists are operating, monitoring and servicing it. That is because only the journeyman, who possesses a broad range of skills and experience knows when a machine is malfunctioning or performing poorly.

To keep the ladder of upward mobility moving, it is a matter of expanding the skills of the journeyman - and that means moving him or her upstream to the manufacture and servicing of the new technology.

It may be true that robots can assemble robots and even some of their component parts, but robots do not have creative or reproductive powers. Someone has to make and design the tools that create robots, and design and make the tools that robots and computer controlled machines use. Those are jobs that can be performed by the brains and skills of experienced journeymen machinists and tool and die makers.

Based on the IAM's experience with both traditional apprenticeship programs and the rapid introduction of new technology which is altering the workplace environment and requiring more and more of the brains and talents of skilled tradespeople, we believe federal funding can expand apprenticeship training, upgrade the nation's skill level to match the new technology requirements, bring more people into the skilled and technical trades and thereby overcome the current shortage of highly skilled workers.

We do not, however, have a "block-grant" mentality in urging federal funding. We believe direct training subsidies to employers during the first two years of traditional and registered four-year programs would help overcome employer resistance to apprenticeship training. However, this two-year subsidy must contain safeguards for retention of third and fourth year apprentices.

It would seem that reimbursement to an employer of a percentage of an apprentice's wages would provide the largest expansion of apprenticeship and is the least complicated. It would also be equitable in all parts of the country. The starting wages of an apprentice covered by a collective bargaining agreement range between 50 and 65 percent of a journeyman's rate.

The subsidy should be focused on means and methods to provide skill training for qualified men, women, and members of minorities and other social groups for employers. The best approach would be that which makes the subsidy program most attractive to employers while at the same time providing equal opportunity. This would produce the largest expansion of apprenticeship programs. Outreach efforts should, at the same time, be addressed to under-represented groups to ensure their fair share of places within the expanded and upwardly mobile system. To help achieve these above goals, we believe that labor union involvement in the development of these programs at the local level is imperative.

To ensure that subsidies are paid only for high quality apprenticeship training, employers must be required to register their apprenticeship programs with the Bureau of Apprenticeship and Training or the state in order to be eligible for subsidy payments. Administration of a subsidy program should be through an agency with expertise in apprenticeship. We believe that the Bureau of Apprenticeship and Training could provide the most effective method of coordination and accountability.

We caution, however, that any incentive program that would lead to excessively narrow training or the use of apprentices as subsidized cheap labor would subvert the entire purpose of the program. We would, therefore, recommend that the establishment of a financial incentive program be limited to those occupations that are designated as in critically short supply by the Secretary of Labor. We also believe that programs such as this will have more likelihood of achieving these goals if they are conducted primarily with employers who have collective bargaining agreements.

We strongly oppose the idea that only new programs receive a subsidy. Since apprenticeship has historically been voluntary, we should not penalize employers who have historically shouldered the financial burden and who are currently training apprentices in critical labor areas. Their dedication is the cornerstone of apprenticeship. Employers who have trained in the past can provide the experience needed to make this program a success and are undoubtedly prime source for expansion. It is these employers who can probably more quickly expand and respond to the skill shortage areas.

Any program must be cost-effective to be successful. The establishment of an Apprenticeship Trust Fund is a prime example of cost-effectiveness. The cost of administration would be shared by all participating employers through contributions to the Fund as a set amount for each hour worked by journeymen. Established with federal seed money, the Fund, in time, would be self-sustaining. The governing body of the Trust Fund would be a joint union/management board of trustees. An equal number of trustees would be elected from labor and management - a chairperson from one group and a secretary from the other.

Additionally, an Apprenticeship Trust Fund would provide the funding agency with a central source of information. Every day administration would be conducted by an apprentice coordinator who would additionally be responsible for assisting in the development of curriculum and related instruction programs, developing apprenticeship standards, and providing a central contact point for apprenticeship employment opportunities.

Under this agreement, there would be less government bureaucracy, red tape and regulation, and more labor-management cooperation.

An experimental program to expand apprenticeship within firm and industry, as well as through outreach, and to keep the skill level moving upstream above the introduction of new technology, administered through an Apprenticeship Trust Fund, would, we believe, effectively stimulate training in critical military production and civilian occupations in the machine, machine tool, tool and die and metal trade industries.

We need the program to not only overcome our industrial illiteracy, but to sustain our national security, which ultimately depends on the health of our civilian economy. We firmly concur that the national statistics indicate something must be done, and done quickly if we are to respond to the training crisis that has developed in the industrial sector.

Organized labor has a long history of working cooperatively with government agencies and employer organizations to develop training programs that provide the highest levels of skills and competence. We hope that our input is sought and utilized as legislation is developed and programs are eventually implemented in the industrial sector.

We believe the suggestions made above meet all of those objectives and concerns of most legislative proposals we have seen so far, and we hope you will give them serious consideration. If any of our staff or our Apprenticeship, Employment and Training Department can be of assistance, please advise me of such, and I will be glad to have them work with your staff on this matter.

Fraternally yours,

William W. Winpisinger

William W. Winpisinger
International President

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STATEMENT
ON
NATIONAL EMPLOYMENT AND TRAINING POLICY
BEFORE THE
JOINT SUBCOMMITTEE HEARINGS ON NATIONAL EMPLOYMENT AND TRAINING

BY
DUANE D. CHRISTENSEN
CHAIRMAN
ST. LOUIS METROPOLITAN AREA
PRIVATE INDUSTRY COUNCIL

Messrs Chairmen and Members of the Joint Sub-Committee:

I appreciate this opportunity to make recommendations and express several opinions which, I hope, will be of help as you go about the task of developing specific legislation pertaining to national employment and training policy. I had the privilege of appearing before Senator Quayle last summer. I am a member of the Private Sector and for over 20 years have worked with major U. S. corporations . . assessing training needs and recommending new and improved training systems . . and structuring incentive programs calculated to motivate people to improve their personal, on-the-job productivity. I am a member of the St. Louis Regional Commerce and Growth Association, and have served as Chairman of the St. Louis Metropolitan Area Private Industry Council since its inception in March, 1979. Our Council is a bit unique in that it is multi-jurisdictional, serving six prime sponsors: four located on the Missouri side of the Mississippi River (Federal Region VII), and two on the Illinois side of the Mississippi (Federal Region V).

Out of an obligation to society at large, and with the aim of making the people of America as productive as possible, there needs to be a national training and employment system. The overriding objective should be to reach out and locate people, who, for whatever reason, do not have the basic education or skills necessary to obtain and hold a job in the private sector. These people should be educated and trained and then given assistance in locating a job in the private sector.

The system should serve those Americans who need help the most . . the structurally unemployed, whether they be classified as economically disadvantaged, handicapped, youth, service veterans, or whatever. If a person is unemployable because of the inability to read or write or verbalize, or because a marketable job skill has never been learned, the system should be made available to that person, provided, of course, that person has the necessary will and desire to become a contributing member of society. I feel strongly that any new or improved national training system should place greater emphasis on teaching basic reading, writing, math and verbal skills, and the disciplines required to obtain and retain gainful employment in the private sector.

The system should also provide for the retraining of displaced workers, most of whom have commendable work records and who, through no fault of their own - and often at the instigation of government legislation - find themselves out of a job, and with a skill no longer in demand.

Messrs Chairmen: In the interest of expediency, and to present my thoughts as directly as possible, the remainder of my presentation shall be brief statements of what I feel is essential to a successful, workable national employment and training system.

1. There must be a strong public/private partnership. Business, labor, education, community organizations and local government, as key elements in any community, must jointly determine, put into effect, and be responsible for local employment and training programs.
2. The concept of Private Industry Councils should not only be retained, but their scope of influence should be broadened to include all titles or elements of national employment policy aimed at training people for

private sector employment. At a minimum, any new legislation should require that a Private Industry Council, or similar body, participate in all employment and training activities. These councils should also be encouraged to work with local school systems, community organizations and other agencies.

3. Consolidation, or at least strictly mandated coordination, must occur among the wide variety of federally subsidized training and employment programs which now operate independently. We all recognize the cost savings, but what of the aspects of planning and accountability. Programs such as CETA, Job Service, Vocational Education, etc. all plan independently and are accountable to different local and state authorities, using different federal regulations and reporting to a variety of federal staff. Certainly those of us in the private sector recognize the necessity to decentralize certain aspects of our business, but there is always a management focal point to ensure a successful outcome.

4. Labor market areas should be emphasized in the new system. Whether the future flow of funds goes through states or directly to local governments, there is no reason for the existence of several prime sponsors in one metropolitan labor market (six in the St. Louis area). Regardless of political subdivisions, employers recruit and utilize the talents available in the labor market. This very often means employees must commute to work from another community or state as in the St. Louis area.

It, therefore, makes sense for one agency to exist with area-wide business and industry support to effect employment and training programs for the chronically unemployed in line with labor market demands.

5. Local decision making is essential. Regardless of how federal funds are distributed, a local (labor market area) authority must exist to plan, operate and evaluate local successes. While this local decision making body should be accountable to a governor or other entity, it is also responsible to the community and its citizenry. This premise is the very foundation of American government.

6. Whatever national employment and training system is finally designed, it should have as little administrative "red tape" as possible, and it should guarantee that the overwhelming majority of the dollars spent go to realistic training and job development activities.
The new legislation should design federal participation as an assistance to local employment and training initiatives. Too often, I feel that local program operators, with the regulations and mandates forced upon them, are more accountable for the completion of an array of quarterly federal reports than to the practical attainment of jobs for the community.
Provide a single grant, insist that there is careful planning and implementation, and hold accountable. Please do not continue several funding titles with different eligibility, operational, and planning requirements which do nothing but encourage fragmentation.

7. Adequate resources must be available. I support a conservative fiscal policy and a balanced federal budget. I also support the notion that an important objective, like our national employment and training policy, must have adequate resources. How many dollars is a decision for Congress and the Administration. How successful we are at providing training and employment depends largely on that decision. It seems logical to me that resources are better applied to employment and and training programs than to programs which subsidize the unemployed.

I join others who believe that our national training system should prepare people for jobs in the private sector. Our experience in St. Louis can be added to other research which indicates that the private sector will become a willing partner in any reasonable program to train and employ the structurally unemployed.

The main reason companies give for agreeing to participate is the need for good, trained people. Surprisingly, many companies cite "community or social responsibility" as reason for participating. Whatever the reason, the timing is right to agressively pursue greater private sector participation in any federally-designed manpower program.

We wish you well in your pursuit of a new and improved national manpower development system.

Representative **Hawkins**. Next is the Honorable Mervyn Dymally of California.

STATEMENT OF HON. MERVYN DYMALLY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Representative **Dymally**. Thank you very much, Mr. Chairman. I have a prepared statement which I shall submit to the committee for the record. I want to touch very briefly on two points: First, the California Democratic delegation has endorsed your legislation; second, I want to talk about a very successful California training model called CWETA, the California Worksite Education and Training Act, which was authored by your State Senator and my State Senator, Bill Green. That model has been very successful in California.

What the act does, in effect, is to take the unemployed and put them in jobs; the employees receive training after they have become employed. Following the training period, these employees will have greater job security and will have less likelihood of needing to look for another job. I want to emphasize that the employment office, along with the private sector—find the unemployed person a job. The State pays for the training costs, which may involve the local college or any other community-based agency. The employer gets a State tax break for hiring anyone who is on benefit payments.

This program has been so successful that Governor Brown has put $30 million in this 1982-83 budget to continue the program.

So, Mr. Chairman, I have introduced that California model here, and I want to suggest to your committee that you amend the concept of the California CWETA program into your bill. I believe that we could develop a national model based on the successful experience in California.

I thank you very much. I am working with your staff with the hope that, at some subsequent date, we can find appropriate language to include in the legislation.

Representative **Hawkins**. Thank you, Mr. Dymally. The staff is considering it and we will work with you on it.

Representative **Dymally**. Thank you, Mr. Chairman.

[The prepared statement of Representative Dymally follows:]

TESTIMONY OF
MERVYN M. DYMALLY
Member of Congress
BEFORE THE JOINT HEARINGS ON EMPLOYMENT AND TRAINING POLICY
OF THE HOUSE EMPLOYMENT OPPORTUNITIES SUBCOMMITTEE
AND THE SENATE EMPLOYMENT AND PRODUCTIVITY SUBCOMMITTEE
MARCH 16, 1982

ON
H. R. 5320
THE COMMUNITY PARTNERSHIP FOR EMPLOYMENT AND TRAINING ACT

TESTIMONY OF MERVYN M. DYMALLY
ON H. R. 5320

MR. CHAIRMAN, I WANT TO THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO LEND MY SUPPORT TO THE "COMMUNITY PARTNERSHIP FOR EMPLOYMENT AND TRAINING ACT." IT TAKES NO ASTUTE OBSERVER OF THE NATIONAL SCENE TO TELL US THAT THE UNITED STATES IS IN SERIOUS DIFFICULTY RIGHT NOW.

ONE ASPECT OF THAT DIFFICULTY IS THAT WE ARE FACED WITH A KIND OF UNEMPLOYMENT PROBLEM WE HAVE NEVER HAD TO FACE BEFORE ON SUCH A MASSIVE LEVEL. WE ARE SEEING NOT ONLY THE UNEMPLOYMENT OF THOSE WHO ARE UNTRAINED IN A SKILL. WE HAVE EXPERIENCED THIS TYPE OF UNEMPLOYMENT IN THE PAST. BUT NOW WE ARE ALSO BEING FACED WITH THE UNEMPLOYMENT OF GREAT NUMBERS OF INDIVIDUALS WHO ARE HIGHLY TRAINED. MANY OF THIS LATTER GROUP FIND THEMSELVES UNEMPLOYED FOR THE FIRST TIME IN OVER A DECADE. IF THERE ARE PILLARS OF OUR SOCIETY, THESE NEWLY UNEMPLOYED ARE THOSE PILLARS. THESE MEN AND WOMEN ARE THE PEOPLE WHO VOTE, PAY TAXES, BUY HOUSING, RAISE FAMILIES, AND GIVE OF THEIR TIME TO CIVIC AND RELIGIOUS ACTIVITIES. THESE ARE OUR SOCIETAL PILLARS, AND THERE IS NO SMALL DANGER NOW THAT THEY WILL TOPPLE.

IT MAY BE THAT SOME DAY IN THE FUTURE TRICKLE-DOWN ECONOMICS WILL PROVIDE A FEW DROPS OF RELIEF FOR THESE PEOPLE. UNFORTUNATELY, IT WILL BE FAR TOO LATE THEN. THIS CONGRESS NEEDS TO ACT NOW TO RETURN OUR NATION TO WORK. AND THE HAWKINS BILL IS, I THINK, JUST THE VEHICLE WE NEED. IT IS AN IDEAL VEHICLE BECAUSE ITS DRAFTERS RECOGNIZED THAT OUR COUNTRY IS NOT FACING SIMPLY HIGH UNEMPLOYMENT; IT IS ALSO FACING A NEED TO RETOOL THE WORKFORCE. THIS IS APPARENT TO ANYONE WHO SURVEYS THE UNEMPLOYMENT FIGURES. THEY SHOW THAT IN SOME SECTORS OF THE ECONOMY THERE ARE MANY MORE PEOPLE AVAILABLE FOR WORK THAN THERE IS WORK FOR THEM TO DO, WHILE IN OTHER SEGMENTS OF THE ECONOMY IT IS IMPOSSIBLE TO FIND SUFFICIENT PERSONNEL TO MEET THE DEMAND.

ALL OF US, AND CONGRESS MOST ESPECIALLY, MUST RECOGNIZE THAT THE NATION'S WORK NEEDS ARE CHANGING AND THAT WE ARE IN DESPARATE NEED OF A PROGRAM THAT WILL TRAIN AND RETRAIN OUR PEOPLE TO FILL THE JOBS OF THE FUTURE.

I HAVE BEEN IMPRESSED WITH THE EFFORTS MADE BY THE GERMANS TO STAY ON TOP OF THEIR CHANGING WORK FORCE NEEDS. MR. CHAIRMAN, I AM EMBARRASSED TO SAY THAT OUR ATTITUDE TOWARD THE UNEMPLOYED HAS A LONG WAY TO GO BEFORE IT WILL POSSESS THE HUMANITY OR THE WISDOM SHOWN BY THE GERMAN PROGRAM. THERE, EVERY EFFORT IS MADE TO PLACE WORKERS IN JOBS FOR WHICH THEY ARE TRAINED OR TO PROVIDE RETRAINING THAT WILL LEAD TO PLACEMENT IN JOBS WHERE THERE IS A SHORTAGE OF QUALIFIED PERSONNEL.

IN THE UNITED STATES WE COMPLAIN BITTERLY OF WELFARE CHEATS AND THE HIGH COST OF WELFARE AS THOUGH IT IS THE VICTIMS OF UNEMPLOYMENT WHO ARE AT FAULT. WE THREATEN TO RETALIATE AGAINST THEM THROUGH SUCH MEASURES AS CUTTING AID TO FAMILIES WITH DEPENDENT CHILDREN TO THE POINT WHERE SINGLE MOTHERS CAN'T AFFORD TO LOOK FOR WORK LET ALONE SEEK TRAINING TO IMPROVE THEIR EMPLOYABILITY. WE CUT FUNDS FOR EMPLOYMENT PLACEMENT SERVICES SO THAT THOSE WHO SEEK WORK ARE LEFT TO FIND IT BY MEANS OF THEIR OWN LIMITED RESOURCES. WE THREATEN TO ELIMINATE FUNDS FOR LOW-INCOME HOUSING STARTS THUS ENDANGERING THE CHANCE FOR THOSE MAKING THEIR FIRST STEPS UP THE EMPLOYMENT LADDER TO HAVE THE COMFORT OF EVEN THE BASIC NECESSITIES LIKE HAVING A ROOF OVER THEIR HEADS.

THIS MYOPIC, SELF-DESTRUCTIVE FOLLY HAS TO CEASE AT SOME POINT. AT SOME POINT OUR RECOGNITION OF THE BASIC DIGNITY OF THE WORKER--AND I AM NOT TALKING ABOUT JUST THE EMPLOYED WORKER, BUT ALSO THE WORKER WITHOUT A JOB-- AT SOME POINT RECOGNITION OF THE DIGNITY AND THE IMPORTANCE OF THE WORKER TO THE STABILITY OF THIS COUNTRY MUST BE RESTORED. THE HAWKINS COMMUNITY PARTNERSHIP FOR EMPLOYMENT AND TRAINING ACT CAN PUT US ON THE PATH TOWARD UPHOLDING THE DIGNITY OF THE WORKER. I TRUST THAT WE IN CONGRESS WILL HAVE THE FORESIGHT TO PASS THIS BILL AND PUT OUR WORKERS BACK TO WORK. THANK YOU MR. CHAIRMAN.

Representative HAWKINS. The Honorable George Brown of California.

STATEMENT OF HON. GEORGE BROWN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Representative BROWN. Thank you, Mr. Chairman. It may appear that with Mr. Coehlo, Mr. Dymally, and myself, California is somewhat over-represented on this panel. I want to assure you, however, that with over 10 percent of the Nation's population, California has a tremendous stake in job training.

Compared to other States, California is fortunate. We have many vibrant, economic communities, but despite that, we cannot ignore the depressed areas, which includes my own congressional district, where the unemployment rate is over 10 percent, well above the national average of 8.8 percent. I believe that this is due in part to an exceedingly rapid population growth rate, coupled with plant closures which have been in the press frequently lately, a depressed construction industry, and a labor market with skills incompatible with local business needs.

The prime sponsor responsible for my district, the executive board of the Inland Manpower Association—IMA—has for some time been concerned about meeting the needs of the local populace in the most efficient manner possible. In 1980, and again in 1981, IMA, in consultation with national, State, and local organizations and officials, submitted to the Department of Labor a position paper examining and evaluating the strengths and weaknesses of the current CETA program. It was not only adopted by IMA's executive board, but also by the Orange County Manpower Commission, the prime sponsor for that county. I believe that many of its points are pertinent to this discussion and, with your permission, I would like to submit it for the record.

Representative HAWKINS. Without objection, it is so ordered.

Representative BROWN. More importantly, the executive board has acted on its own recommendations to the extent permitted under current regulations. It has already initiated a coordinated effort between not only the State Employment Service and CETA, but also with the county departments of public social service. This has been a very ambitious undertaking, given the size and complexity of the area to be served, over 27,000 square miles. The interagency coordination meetings are being met with enthusiasm on all fronts, but they are also pointing out the deficiencies in our system which will not permit these agencies to work together as effectively as they would like.

The chairman of the executive board of the Inland Manpower Association, County Supervisor Cal McElwain, in San Bernardino County, on behalf of the local, elected officials responsible for administering employment and training programs for residents of the cities and counties of San Bernardino and Riverside has asked me to transmit their views and concerns to you. Unfortunately, under the time limit imposed, it would be very difficult to discuss in depth all their points, but I would like to summarize the five points very briefly.

First, changing technologies and changing economic factors have forced major employers to make decisions adversely affecting thousands of workers. These people are willing to work—they have worked—many of them for years, and suddenly they find themselves without employment and ineligible—due, in fact, to their years of hard work for Federal employment-and-training programs. We need to recognize their value and contributions to their communities and to this country, and provide the means for them to reenter the job market—in other words, retraining.

Second, a strong role for the private sector is vital, not only in employment and training programs, but also in other programs which provide services to the unemployed, such as the State employment service. There is no doubt that private industry is the employment vehicle which these programs must satisfy, and bringing industrial leaders into the system early in planning, designing, and evaluating the programs simply makes good sense, as is provided for in your legislation.

Third, also important is a strong role for local governments. In this regard, there is a great deal of concern for some of the language in the proposed bills which appears to privide incentives for disagreement between local prime sponsors and the PIC's. The language of your bill, however, mandates a joint decision and gives both factions the strength of purpose to work together for the benefit of their communities.

Fourth, the language in the bills which encourages the coordinating planning effort for agencies which serve a common client—in this case, the State Employment Service and the Federal employment-and-training programs—has long been overdue. Previous efforts at coordination have been hampered by redtape and regulations which made it almost impossible for the two agencies to work together. Regulatory language which provides incentives for joint planning will help agencies reduce their administrative burdens and serve the client more efficiently.

Last, but not least, we should do everything in our power to encourage employment-and-training agencies to form consortia and work together wherever possible to provide the necessary services to their communities. I know that in the 36th Congressional District, which I represent, the establishment of one prime sponsor, the Inland Manpower Association, representing all the units of local government, has reduced the cost of administration and provided coordinated planning and implementation of programs.

One last statement, Mr. Chairman, of a nostalgic nature, I remember 20 years ago as a member of this committee I had the privilege and honor to sponsor the adult-basic-education portion of what became the Elementary and Secondary Education Act. I think that was a beginning in developing the framework which has been developed over these last 20 years of a more adequate program to provide for some of the difficulties involved in structural unemployment. I commend you for building upon that structure, for continuing the efforts which are as important today as they were 20 years ago to make sure that we have a trained manpower force ready to move ahead in solving the problems of this country.

Thank you.

Representative HAWKINS. Thank you, Mr. Brown.

[The prepared statement of Representative Brown and the position paper referred to follow:]

FULL TEXT OF STATEMENT SUBMITTED BY

CONGRESSMAN GEORGE E. BROWN, JR.
(36th C.D.-California)

AT THE REQUEST OF

SAN BERNARDINO COUNTY SUPERVISOR CAL McELWAIN
ON BEHALF OF THE LOCAL ELECTED OFFICIALS
RESPONSIBLE FOR ADMINISTERING EMPLOYMENT AND
TRAINING PROGRAMS FOR THE RESIDENTS OF THE
CITIES AND COUNTIES OF SAN BERNARDINO AND RIVERSIDE, CALIFORNIA

BEFORE THE JOINT HOUSE - SENATE HEARINGS ON
EMPLOYMENT AND TRAINING LEGISLATION

March 16, 1982

THE 36TH CONGRESSIONAL DISTRICT OF CALIFORNIA CONTAINS PORTIONS OF BOTH RIVERSIDE AND SAN BERNARDINO, CALIFORNIA--AN AREA WITH A CURRENT UNEMPLOYMENT RATE OF 10.2 PERCENT, WHICH IS SIGNIFICANTLY HIGHER THAN THE NATIONAL AVERAGE OF 8.8 PERCENT. THE LOCAL ELECTED OFFICIALS IN OUR COMMUNITY--OUR U.S. REPRESENTATIVE, THE MAYORS, COUNTY SUPERVISORS, AND CITY COUNCILS, ARE CONCERNED, AND THE TAXPAYERS, ARE CONCERNED, ABOUT THE PRESERVATION AND ADEQUACY OF FUTURE EMPLOYMENT AND TRAINING PROGRAMS TO UNEMPLOYED AND THE "NEW UNEMPLOYED"--THE DISPLACED WORKER IN OUR COMMUNITIES--THE FORMER TAXPAYERS WHO ARE UNEMPLOYED DUE TO THE ECONOMIC CLIMATE OF OUR NATION.

WE COMMEND THE HOUSE AND SENATE SUBCOMMITTEES FOR DEBATING THIS COMPLEX TOPIC. AS LOCAL ELECTED OFFICIALS RESPONSIBLE FOR ADMINISTERING EMPLOYMENT AND TRAINING PROGRAMS IN OUR COMMUNITY, WE HAVE OUR OWN PHILOSOPHIES AND APPROACHES TO THIS PROBLEM, BUT WILL CONFINE OUR REMARKS TO A FEW KEY POINTS WHICH WE FEEL ARE ESSENTIAL TO THE PROVISON OF JOB TRAINING WHICH WILL RESULT IN NON-SUBSIDIZED EMPLOYMENT.

AS SUPPORTERS OF THE HAWKINS BILL, H.R. 5320, WE WOULD LIKE TO FIRST MENTION SOME OF THE PROVISONS OF THAT BILL WHICH ARE OUTSTANDING AND WHICH WILL SERVE TO STRENGTHEN THE ABILITY OF THE EMPLOYMENT AND TRAINING SYSTEM TO MEET THE NEEDS OF BOTH PRIVATE INDUSTRY FOR TRAINED EMPLOYEES AND THE NEEDS OF THE UNEMPLOYED FOR ADEQUATE JOB TRAINING:

(1) FIRST, THE PROVISION OF $500 MILLION TO PROVIDE RETRAINING TO OUR DISLOCATED WORKERS. CHANGING TECHNOLOGIES AND CHANGING ECONOMIC FACTORS HAVE FORCED MAJOR EMPLOYERS TO MAKE DECISIONS ADVERSELY AFFECTING THOUSANDS OF WORKERS. THESE PEOPLE ARE WILLING TO WORK--THEY HAVE WORKED--MANY OF THEM FOR YEARS, AND SUDDENLY THEY FIND THEMSELVES WITHOUT EMPLOYMENT AND INELIGIBLE--DUE, IN FACT, TO THEIR YEARS OF HARD WORK--FOR FEDERAL EMPLOYMENT AND TRAINING PROGRAMS. WE NEED TO RECOGNIZE THEIR VALUE AND CONTRIBUTIONS TO THEIR COMMUNITIES AND TO THIS COUNTRY, AND PROVIDE THE MEANS FOR THEM TO RE-ENTER THE JOB MARKET. BOTH SENATE BILL 2036 AND THE HAWKINS BILL, H.R. 5320, MAKE ACCOMMODATIONS FOR THESE WORKERS, BUT, IN OUR OPINION, THE FUNDS ALLOCATED IN THE SENATE BILL ARE NOT ADEQUATE TO MEET OUR OBLIGATION. THEREFORE, WE SUPPORT HAWKINS' PROVISION OF $500 MILLION.

(2) SECONDLY, WE SUPPORT A STRONG ROLE FOR THE PRIVATE SECTOR, NOT ONLY IN EMPLOYMENT AND TRAINING PROGRAMS, BUT ALSO IN OTHER PROGRAMS WHICH PROVIDE SERVICES TO THE UNEMPLOYED, SUCH AS THE STATE EMPLOYMENT SERVICE. THERE IS NO DOUBT THAT PRIVATE INDUSTRY IS THE EMPLOYMENT VEHICLE WHICH THESE PROGRAMS MUST SATISFY, AND BRINGING INDUSTRIAL LEADERS INTO THE SYSTEM EARLY ON--IN PLANNING, DESIGNING AND EVALUATING THE PROGRAMS, SIMPLY MAKES GOOD SENSE. A PROVISION OF ANY JOB TRAINING BILL SHOULD ALSO PROVIDE INCENTIVES FOR PARTICIPATION BY PRIVATE INDUSTRY. FOR EXAMPLE, WE SHOULD HAVE THE ABILITY TO COMMIT OUR FUNDING RESOURCES BEYOND A ONE YEAR PERIOD, TO MEET THE NEEDS OF EMPLOYERS.

(3) WE ALSO SUPPORT A STRONG ROLE FOR LOCAL GOVERNMENTS IN THIS SYSTEM THESE TWO STRONG ROLES--THIS "PARTNERSHIP", IF YOU WILL, IS NOT CONTRADICTORY. THE CURRENT EMPLOYMENT AND TRAINING SYSTEM IS THE ULTIMATE RESPONSIBILITY OF LOCAL GOVERNMENTS--AND THAT IS AS IT SHOULD BE, BECAUSE WE ARE THE "VOICE OF THE PEOPLE." WE ARE THE ONES WHO ARE ACCOUNTABLE AND RESPONSIBLE TO THE LOCAL RESIDENTS. WHILE PRIVATE INDUSTRY NEEDS TO BE HEAVILY INVOLVED IN ORDER FOR THE SYSTEM TO SUCCEED, THEY ARE NOT HELD ACCOUNTABLE TO THEIR COMMUNITIES. IF THE COMMUNITIES, FROM WHOSE TAXES THESE PROGRAMS ARE FUNDED, ARE NOT SATISFIED WITH THE WAY WE ARE FUNDING THESE PROGRAMS, THEY HAVE RECOURSE THROUGH THE DEMOCRATIC PROCESS. THIS POWER RIGHTFULLY BELONGS TO THOSE TAXPAYERS WHO ARE FOOTING THE BILL.

IN THIS REGARD, WE HAVE A GREAT DEAL OF CONCERN FOR SOME OF THE LANGUAGE IN THE PROPOSED BILLS WHICH APPEARS TO PROVIDE INCENTIVES FOR DISAGREEMENT BETWEEN LOCAL PRIME SPONSORS AND PRIVATE INDUSTRY COUNCILS, BY PROVIDING MANDATED "OUTS." WE STRONGLY SUPPORT THE LANGUAGE OF THE HAWKINS BILL, WHICH MANDATES A JOINT DECISION--AND GIVES BOTH FACTIONS THE STRENGTH OF PURPOSE TO WORK TOGETHER FOR THE BENEFIT OF THEIR COMMUNITIES.

(4) WE STRONGLY SUPPORT THE LANGUAGE IN THE BILLS WHICH ENCOURAGES THE COORDINATED PLANNING EFFORT FOR AGENCIES WHICH SERVE A COMMON CLIENT--IN THIS CASE, EMPLOYMENT SERVICE AND THE EMPLOYENT AND TRAINING PROGRAMS.

THIS TYPE OF COOPERATION HAS LONG BEEN OVERDUE, AND HAS BEEN HAMPERED BY RED TAPE AND REGULATIONS WHICH MADE IT ALMOST IMPOSSIBLE FOR THE TWO AGENCIES TO WORK TOGHETHER. WE WOULD LIKE TO SEE REGULATORY LANGUAGE WHICH PROVIDES INCENTIVES FOR JOINT PLANNING--WHICH HELPS AGENCIES REDUCE THEIR ADMINISTRATIVE BURDENS AND SERVE THE CLIENT MORE EFFICIENTLY, WHICH SHOULD BE THE BOTTOM-LINE GOAL OF ALL GOVERNMENT PROGRAMS. IN THIS REGARD, WE WOULD LIKE TO LET YOU KNOW THAT THE INLAND MANPOWER ASSOCIATION, WHICH IS THE CETA PRIME SPONSOR SERVING THE RESIDENTS IN THE 36TH DISTRICT, HAS ALREADY INITIATED A COORDINATED EFFORT--TO THE EXTENT PERMITTED BY THE CURRENT REGULATIONS--BETWEEN NOT ONLY THE EMPLOYMENT SERVICES AND CETA, BUT ALSO THE DEPARTMENTS OF PUBLIC SOCIAL SERVICE. THIS IS A VERY AMBITIOUS UNDERTAKING, GIVEN THE SIZE AND COMPLEXITY OF THE THE AREA TO BE SERVED. THE INTERAGENCY COORDINATION MEETINGS ARE BEING MET WITH ENTHUSIASM ON ALL FRONTS, BUT THEY ARE ALSO POINTING OUT THE DEFICIENCIES IN OUR SYSTEM WHICH WILL NOT PERMIT THESE AGENCIES TO WORK TOGETHER AS EFFECTIVELY AS WE WOULD LIKE. LET_US_EASE_THE_BURDEN FOR AGENCIES TRYING TO DO THEIR JOBS MORE EFFICIENTLY.

(5) LAST BUT NOT LEAST, WE BELIEVE THAT WE SHOULD DO EVERYTHING IN OUR POWER TO ENCOURAGE EMPLOYMENT AND TRAINING AGENCIES TO FORM CONSORTIA AND WORK TOGETHER WHEREVER POSSIBLE TO PROVIDE SERVICES TO THEIR COMMUNITIES. AGAIN, THE INLAND MANPOWER ASSOCIATION, WHICH REPRESENTS NOT TWO, BUT FOUR UNITS OF LOCAL GOVERNMENT, IS AN EXCELLENT EXAMPLE. WE HAVE

ESTABLISHED ONE PRIME SPONSER--INSTEAD OF FOUR--WHICH NOT ONLY REDUCES THE COST OF ADMINISTRATION, BUT ALSO PROVIDES COORDINATED PLANNING AND IMPLEMENTATION OF PROGRAMS TO SERVE THE PEOPLE. THIS IS THE GOAL OF ALL TAX-SUPPORTED PROGRAMS--TO PROVIDE BETTER SERVICES FOR LESS MONEY. THIS IS ALSO AN EXCELLENT EXAMPLE OF THE RESPONSIVENESS OF LOCAL ELECTED OFFICIALS TO THE NEEDS OF THEIR COMMUNITIES, AND PROVIDES ONE OF THOSE UNUSUAL SITUATIONS IN GOVERNMENT WHERE EVERYBODY WINS.

A POSITION PAPER ON
ALTERNATIVES TO TRAINING AND EMPLOYMENT PROGRAMS

Submitted as Part of Testimony of

CONGRESSMAN GEORGE E. BROWN, JR.
(36th C.D. - California)

Before the

JOINT HEARINGS ON

EMPLOYMENT AND TRAINING PROGRAMS

March 16, 1982

A POSITION PAPER ON
ALTERNATIVES TO TRAINING AND EMPLOYMENT PROGRAMS

AN OFFICIAL POSITION
ADOPTED BY THE
EXECUTIVE BOARD
INLAND MANPOWER ASSOCIATION
CETA PRIME SPONSOR FOR THE
CITIES AND COUNTIES
OF RIVERSIDE AND SAN BERNARDINO
CALIFORNIA
AND THE
ORANGE COUNTY MANPOWER COMMISSION
CETA PRIME SPONSOR FOR THE
CITIES AND COUNTY
OF ORANGE COUNTY
CALIFORNIA

Revised July 30, 1981

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SUMMARY OF
POSITION PAPER
ON
ALTERNATIVES TO TRAINING AND EMPLOYMENT PROGRAMS

1. The paper proposes alternatives to current employment and training programs. It describes ways which would allow CETA to provide a full range of training programs and serve the same number of clients, even with reductions in funding.

2. Coordination of services is the key to eliminating expensive duplication. Three (3) agencies serve the unemployed and low-income population: CETA, State Employment Service, and Welfare. We are proposing that once a client has been receiving Unemployment Insurance or welfare for a certain period of time, e.g., 6 weeks, they must be enrolled in a CETA training program. They would continue to receive their UI or welfare payments while in CETA. This would eliminate CETA payment of wages/allowances, which now accounts for over half the CETA monies expended. The advantage to the State Employment Service and Welfare would be a more rapid turnover of clients, and moving them quickly from income maintenance to job training leading to a private sector job.

3. The full range of training programs would be provided through two (2) CETA Titles, consistent with the administration's block grant approach and with the concept of local flexibility.

   A. Basic Grant

   A basic block grant for development and implementation of training and employment programs that are designed to meet the needs of economically disadvantaged and structurally unemployed persons. The title could include the full repertoire of classroom training, work experience, on-the-job training, services, and youth programs. All designated prime sponsors would receive this grant based on a formula related to total eligible population.

   B. Supplemental Grant

   A grant with funds triggered on the basis of local need, which would combine under one program a variety of activities, including classroom training, on-the-job training (OJT), public jobs, and private sector wage subsidies. This program would also serve the economically disadvantaged and structurally unemployed.

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I. SYNOPSIS OF RECOMMENDATIONS

This paper provides alternatives to training and employment programs. These alternatives represent one approach to a legislative strategy for the reauthorization of CETA, which expires at the end of Fiscal Year 1982.

Following is a synopsis of the recommendations contained in the paper. The recommendations provide a framework for key legislative issues to be considered during the reauthorization process.

A. Definition of Training and Employment Program Goals

The goals of training and employment programs should be as follows:

1. Increase the employability of economically disadvantaged and unemployed individuals through skills training, job search and placement services and supportive services.
2. Provide additional incentives to employers to train and hire eligible individuals, using an incentive structure which is directly related to an employer's actual job placement performance.

Due to external factors over which a local jurisdiction has little control, it is unrealistic to assume that a goal of training and employment programs should be to reduce either the national unemployment rate or the unemployment rate for particular groups. Examples of such factors include local labor market conditions (e.g., the migration of laid-off auto workers from Detroit, Michigan to various areas of the sunbelt) and changes in the number and types of population levels (e.g., the recent influx of Haitians and Indochinese).

B. Coordination of Services

In order for training and employment programs, the Employment Service and the Welfare System to more closely integrate their services and create an effective delivery system, the following recommendations should be considered.

1. Refer clients receiving Unemployment Insurance and Welfare benefits to CETA, based on an individual needs assessment and following a specified period of time, e.g., 4 or 6 weeks. Clients would continue to draw UI benefits or welfare while enrolled in CETA, resulting in a sharing of income maintenance costs.
2. Determine which agency performs specific services best, in order to reduce duplication. This would be accomplished through a review of existing performance factors for CETA, the Employment Service and the Welfare System in delivering to a common client population specific services such as training, job search and placement services, supportive services and income maintenance.

C. Efficiency of Program Design and Implementation

Training and employment programs should continue to be administered by prime sponsors consisting of units of general local government of 100,000 population or more or consortia of such units of government, and should include active participation of local business and industry. This system enables local elected officials to (1) design and implement programs based on local needs and (2) integrate other local resources with training and employment programs. In order to more efficiently operate such programs, the following recommendations should be considered:

1. Design the program to be flexible enough to allow local units of government an appropriate mix of program activities, based on local labor market needs.

2. Consolidate the existing CETA programmatic titles into two (2) titles with uniform eligibility requirements, serving both adults and youth.

    a. The first title would provide a basic block grant to all designated CETA prime sponsors, based on a formula related to total eligible population.

    b. The second title would be a supplemental grant, with funds triggered according to local need.

D. Funding Mechanisms

In order to alleviate problems for the local delivery system, the following funding mechanisms should be considered:

1. Reconstruction of allocation formulas using factors related to local need, including welfare and/or unemployment insurance caseload and local average wage computations in addition to the local unemployment rate.

2. Inclusion of forward funding/multi-year funding based on a 90% guarantee of prior year allocations. Given the fact of reduced allocations, it is important for prime sponsors to work even more closely with the private sector. To have any hope of attaining goals as an economic development tool, the program must have the ability to do long-range planning, utilizing projections of local labor market needs.

3. Allocation of 95% of total funding available to designated prime sponsors for implementation of the full repertoire of training and employment programs, including traditional, as well as innovative, program concepts, reserving 5% discretionary funding for use by the Secretary of Labor for research and development in the field of training and employment programs and field testing of new program concepts and/or contractors.

E. Alternative Funding Sources

The ability of prime sponsors to pay for training and employment programs has been limited by (1) cutbacks in CETA nationally and (2) reduced revenues to local governmental agencies. Thus, the following recommendations should be considered:

1. Pursuit of alternative sources of funding by prime sponsors.
2. Opposition to any requirement (a) for prime sponsors to provide local matching funds or (b) for any procedures designed to shift the financial burden from the federal to the local level.
3. Request that national public interest groups and organizations establish an "Information Office" tapping sources of potential funding and disseminating information to all prime sponsors.

II. ALTERNATIVES TO TRAINING AND EMPLOYMENT PROGRAMS

Problem Statement

As in the case of all programs dealing with either the nation's economic difficulties or social reform, there is a continuing problem of expanding target populations to be served under times of diminishing resources. Generally, the Comprehensive Employment and Training Act has faced appropriations uncertainties ever since its creation in 1973. This has hampered the ability of Prime Sponsors to adequately plan and implement programs. The additional problem of multiple mechanisms for determining allocation formulas has resulted in further complicating the ability for multi-year planning which is required for the program to be effective, as either an economic development tool or a spearhead for social reform in the United States.

Further complicating the dichotomy of trying to perform both economic development and social reform is the problem of overlapping goals and objectives between CETA, the Employment Service, the Welfare System, and allied programs dealing with training. The approach taken in the development of this position paper focuses on the concept that to adequately achieve the goals established for CETA, we must begin by determining the client populations to be served, the services to be provided, and the agency best equipped to provide those services. In an effort to approach this problem in a systematic manner, we have divided the issues into four (4) major categories including:

1. Coordination of services
2. Structural training and employment/Basic and supplemental grants
3. Funding mechanisms
4. Alternative funding sources

Analysis in each of these areas includes a statement of the problem, discussion, and subsequent recommendations. Further, the recommendations have been consolidated at the front of this document.

III. COORDINATION OF SERVICES

Problem Statement:

During the process of amending CETA in 1978, one of the critical issues was targeting the program to a client population better fitting the definition of economically disadvantaged and long-term unemployed. With that change in focus, CETA moved from being primarily an economic development tool to a broader approach of attacking the problems of social reform. In doing so, the client populations for CETA became almost homogeneous with the populations presently being served by the Employment Service and Welfare System. This is illustrated by the requirement to serve specific percentages of clients receiving AFDC welfare benefits and requiring certification of client eligibility by the Employment Service. The development of this homogeneous client population served by the three delivery systems has created a conflict of goals and objectives resulting in confusion and less efficiency in the services provided to the client.

While the target population needs a wide range of varied services, none of the three existing systems is prepared to provide all of the services necessary to any one individual client. Therefore, we should explore ways to more closely integrate these services, in order to create an effective delivery system.

Discussion:

When looking at the total repertoire of services provided by CETA, the Employment Service, and the Welfare System, we can include as a beginning the following: Assessment, Counseling, Pre-vocational and Vocational Training, Job Placement, Income Maintenance (i.e., welfare benefits, allowances, stipends), Supportive Services (i.e., transportation allowances, medical benefits, child care), and Unemployment Insurance. Since all three agencies currently perform the above services, a matching of funding from the agencies to provide service to an individual client appears appropriate. This could be accomplished by the referral and enrollment of welfare recipients (those not possessing severe barriers to employment as determined by a training and placement needs assessment of the client) and unemployment insurance recipients to CETA for training and placement services. Following a specific time on Welfare or UI, e.g., 4 or 6 weeks, the client would be enrolled in transitional training and placement services within the CETA system while continuing to draw Welfare or UI benefits. The financial savings from such a delivery system would be as follows:

1. Increasing the expenditure of available CETA funding for training and services while reducing the percentage expended for participant allowances or wages, thereby reducing the cost per participant served.
2. Reducing Welfare and UI income maintenance costs by increasing turnover through client job placement via the CETA system.

A consideration in implementing the above system would be to review the net income to each client referred by the various agencies to ensure that all participants receive equal wages/allowances, at or above the minimum wage, during their participation in CETA. This could be accomplished through the provision of variable stipends paid to the participant from CETA.

One final approach to determine the effectiveness of each in delivering specific services, would be to review the performance factors of the three organizations (CETA, Welfare, UI). Such factors would include the following: vocational/remedial training; job search; placement services; supportive services; and income maintenance. The comparative analysis should review cost in conjunction with total performance.

Recommendations:

A. Refocus CETA to be a decentralized and decategorized economic development tool. This would be accomplished by consolidating programmatic titles, coordinating services with other agencies, and returning accountability for program administration to local governmental entities.

B. Refer clients receiving Unemployment Insurance and Welfare benefits based on a needs assessment for skills training and placement to CETA following a specified period of time, e.g., 4 or 6 weeks. Clients would continue to draw UI benefits or Welfare while enrolled in CETA. CETA may add monies for allowances if: (a) the UI/Welfare payments ceased prior to completion of training, and/or (b) subsidies were required to bring allowances up to the minimum wage.

C. Review existing performance factors of CETA, the Employment Service, and the Welfare System in delivering specific services to a common client population. The analysis should include a cost comparison and performance evaluation for delivery of training services, job search and placement services, supportive services and income maintenance.

D. Review Executive Orders to insure that they do not create a conflict of goals and objectives in serving the client population.

E. Link employment and economic initiatives so that when clients are trained, they can be placed into existing openings within local labor markets. Additionally, consideration should be given to long-range labor market analyses, directed toward expanding job opportunities within local areas.

IV. TWO-TITLE APPROACH: STRUCTURAL TRAINING AND EMPLOYMENT/BASIC AND SUPPLEMENTAL GRANTS

Problem Statement:

One major problem hampering the CETA system has been the proliferation of titles to implement each of the different categorical approaches to job training. If President Reagan's proposals are approved by Congress, only two (2) out of eight (8) CETA titles will be operational in Fiscal Year 1982. The concept of a two-title approach is a good one, since it will streamline the implementation of services for the client. However, in order to ensure the continuation of the range of services currently provided under CETA, this paper suggests an alternate two-title employment and training program.

Discussion:

Consideration should be given to a consolidation to two (2) structural training and employment titles with uniform eligibility requirements, as follows:

A. Basic Grant

A basic block grant for development and implementation of training and employment programs that are designed to meet the needs of economically disadvantaged and structurally unemployed persons. The title could include the full repertoire of classroom training, work experience, on-the-job training, services, and youth programs. All designated prime sponsors would receive this grant based on a formula related to total eligible population.

B. Supplemental Grant

A grant with funds triggered on the basis of local need, which would combine under one program a variety of activities, including classroom training, on-the-job training (OJT), public jobs*, and private sector wage subsidies. This program would also serve the economically disadvantaged and structurally unemployed.

Factors which need to be addressed in the private sector wage subsidy program include: commitment to pick up participants; incentives based on retention of participants; maximum length of the subsidy; and, who would be eligible to receive subsidies.

The advantages of such an approach are as follows:

1. It represents a block grant versus a categorical grant concept. Over the past few years, the proliferation of CETA titles and the restriction on each of those titles have resulted in a categorical funding approach which is difficult to administer.

*Public jobs would be operated in areas with approved Annual Plans which demonstrate a significant need, e.g., rural areas and areas without a business and industry base.

2. It returns to units of government the local flexibility which was the intent of CETA when it was first authorized by Congress in 1973. Depending on their respective labor markets, one area might emphasize OJT and private sector wage subsidies, while another area might emphasize public jobs. In any case, it would be local rather than Federal determination of needs which would develop the program mix.

3. It gives to prime sponsors the responsibility for administering a private sector wage subsidies program. Prime sponsors' operation of private sector training programs such as classroom training and on-the-job training, plus their involvement with business through their Private Industry Councils provides invaluable background for this type of program.

Recommendations:

Consolidate the existing CETA programmatic titles into two (2) titles with uniform eligibility requirements, as follows:

A. A basic block grant to provide the full repertoire of training programs for the economically disadvantaged and structurally unemployed to all designated prime sponsors based on a formula related to total eligible population.

B. A supplemental grant, with funds triggered by local need, to provide classroom training, on-the-job training, private sector wage subsidies and public jobs, as appropriate to meet the needs of the economically disadvantaged and structurally unemployed. This program would:

    1. Allow local units of government the flexibility to determine an appropriate mix of program activities, based on local labor market needs.

    2. Include a trigger mechanism for allocating monies, based on local need such as a specific unemployment rate, a combination of welfare and UI caseload, total eligible population, and/or average wage computations.

    3. Build into the private sector wage subsidies program the following guidelines:

        a. An overall plan which includes an up-front commitment to place participants into unsubsidized jobs.

        b. Incentives based on retention of participants, e.g., the wage reimbursement rate would increase as absorption increased, and vice-versa.

        c. Use of wage subsidies for purposes such as assisting new businesses, expanding existing businesses and preventing mass layoffs.

        d. A system which tracks results over time, so that an evaluation of what does and does not work can be documented for future program design.

4. Re-examine the concept of retraining or providing upgrade training to those individuals who have become unemployed as a result of major layoffs in local industries. This would assist in averting the problem of dislocated workers in jurisdictions designated as labor surplus areas (LSA's).

5. Consistent with the concept of local flexibility, allow 90-day waiver of eligibility criteria to facilitate the delivery of training and supportive services for special target segments, i.e., dislocated workers. Expanded services might include upgrade/retraining, placement and/or supportive services.

V. FUNDING MECHANISMS

Problem Statement:

Other than the confusion created by the CETA program addressing both economic and social problems, the single major dilemma facing CETA program administrators has been the one of fluctuating allocations, based on complex formulas. It has become all but impossible to develop an Annual Plan, let alone design programs to meet labor market needs two and three years down the road. Several attempts have been made to request multi-year or forward funding, only to be stopped by the Office of Management and Budget's concern over the practical problems of implementation. There has been additional concern that the concept of multi-year funding tends to conflict with the President's responsibility for preparation of annual budgets for presentation to Congress. While all of these factors can be considered, the fact remains that, in dealing with the target population, a financial multi-year commitment has already been made by the Federal Government, either through unemployment insurance benefits, welfare benefits, or CETA training.

Considerable time has been spent on reviewing the system for developing unemployment statistics in this country, but all will agree that the system still is not reliable. Trying to tie allocation formulas to a funding mechanism which includes the unemployment rate seems to be a less than practical approach to the problem. In addition, if it is agreed that there will be reduced revenue for the provision of services, some consideration must be given to the concept of giving priority to continuation of programs of demonstrated effectiveness before piece-mealing available funding to "try out" new program concepts and new program operators.

Discussion:

To have any hope of attaining goals as an economic development tool, the CETA program must have the ability to do long-range planning, utilizing projections of local labor market needs. This can only be done if funding can be anticipated at specific levels during a multi-year period. Presently, the CETA Title IIB program has a 90% guarantee of funding in each subsequent year. It would seem logical to expand this approach to the other titles of CETA, allowing Prime Sponsors to make commitments and develop long-range plans which can meet economic needs in their local area.

Since 1978, the focus of CETA has been increasingly directed toward the private sector. Assuming that this trend will continue, it would seem only appropriate that program funding should assume a more private-sector-oriented approach. One example of this would be the establishment of forward funding, with the delineation of general goals and objectives to be accomplished by the program, allowing the Prime Sponsor to maintain local flexibility in determining the appropriate service systems to meet the local economic needs.

An additional argument for forward or multi-year funding comes from the fact that existing programs mandate a financial commitment to present day target populations for a period of from two to three years in the future. For example, if a client were to be laid off from a CETA public jobs program, the unemployment insurance benefits, alone, can conceivably extend through 1984, with a total obligation in excess of $5,900.00. Since this commitment is, in fact, real, a guarantee of multi-year funding would allow CETA to best address long-range training program concepts which would be the most effective in dealing with future economic needs in the local area. A final consideration in support of forward funding for employment and training programs is the fact that it is already being done in such areas as defense, research and development and law enforcement.

Present allocation formulas rely almost completely on the validity of unemployment rates within SMSA's. An alternative to this approach would be to consider a formula based on local need as described in Chapter IV. The formula would apply to 95% of the total national funding to authorized Prime Sponsors for continuing traditional program concepts. The remaining 5%, or discretionary funding, could then be utilized in a research and development mode to fund new program concepts and/or new program operators on a block grant basis. One additional consideration would be the concept of authorizing the expenditure of funding for carryover supportive services to clients who have successfully completed training and obtained transition to unsubsidized employment, preventing their return to subsidized training or support. This concept might easily be expanded to include subsidies to the employed who are working in entry level positions, earning at or near the minimum wage, to assist them through the difficult time prior to achieving upward mobility in the labor market.

Recommendations:

A. Modify CETA funding mechanism to include forward funding/multi-year funding based on a 90% guarantee of prior year allocations.

B. Reconstruct allocation formulas using factors related to local need, including welfare and/or unemployment insurance caseload and local average wage computations as a measurement of local unemployment. As the current method using unemployment rates is irrelevant to determining local need, they should be used only as a last result and be the result of a local special census of recent completion.

C. Allocate 95% of total funding available to authorized prime sponsors for continuation of the full repertoire of training and employment programs, including traditional, as well as innovative, program concepts, reserving 5% discretionary funding for use by the Secretary of Labor for research and development in the field of training and employment programs and field testing of new program concepts and/or contractors.

VI. ALTERNATIVE FUNDING SOURCES

Problem Statement:

The cutback in available CETA funding at the national level means that Prime Sponsors in turn must decrease monies to local program operators such as community-based organizations, school districts, cities and counties. It also limits the ability of Prime Sponsors to interact successfully with economic development departments, business and labor, since funding commitments for CETA training programs are at best uncertain. This problem is further aggravated by reduced revenues to local governmental agencies prohibiting any consideration of matching contributions offsetting federal funding cutbacks.

Discussion:

Prime Sponsors must now expand their efforts to seek other sources of funding, in order to cushion the impact of reduced CETA funding. In the public sector, Federal, State and local agencies often have set-asides designated for training. Prime Sponsors must identify those set-asides and propose training programs which would both meet the requirements of the particular agency and serve the unemployed, economically disadvantaged residents of the area. In the private sector, private foundations, grants and other sources should be aggressively explored.

Following is an initial list of alternative funding sources:

1. Department of Justice (also, LEAA, Office of Juvenile Justice, Delinquency Prevention Programs)
2. Department of Health and Human Services
3. Agencies involved in the Employment Initiatives Program
4. Department of Defense
5. Chambers of Commerce
6. National CBO organizations, e.g., OIC, Urban League
7. Bureau of Apprenticeship and Training
8. Labor Unions, e.g., UAW, Teamsters
9. State agencies, e.g., CWETA
10. Local Departments of Community Development, Redevelopment and Economic Development

In order to tap these resources effectively, a network must be established to collect, analyze and disseminate information to Prime Sponsors. An "information office" could be established by the U.S. Conference of Mayors, National Association of Counties, National League of Cities and others to perform the function.

This would ensure that all Prime Sponsors have a uniform data base and prevent duplication by various agencies.

Recommendations:

A. Encourage Prime Sponsors to actively pursue alternative sources of funding.

B. Oppose any requirement for Prime Sponsors to provide local matching funds, based on reduced levels of revenue now available to local governmental agencies. Additionally, oppose any funding mechanisms designed to shift the financial burden from the federal to the local level.

C. Designate NACo, U.S. Conference of Mayors and similar organizations to establish an "Information Office" tapping sources of potential funding and disseminating information to all Prime Sponsors.

Representative HAWKINS. The next witness if the Honorable Shirley Chisholm of New York.

STATEMENT OF HON. SHIRLEY CHISHOLM, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Representative CHISHOLM. Mr. Chairman, I am pleased to join with my colleagues here this morning to briefly share with the subcommittee my thoughts on employment and training legislation.

We well know how easy it is to point at pages of help-wanted ads; and we know, too, how easy it is to find fault with the administrators and with the results of the various CETA programs. But what is not so easy is the drafting, and the monitoring, and the perfecting of employment-and-training programs; and I congratulate you, Mr. Chairman, and the members of this subcommittee for your persistence and diligence.

Millions of Americans have had their skills, income, and well-being elevated by our 20 years of national investment in manpower programs. Of course, millions more have needed that kind of boost, but funding cuts or strict eligibility limits put it out of their reach. It angers me to think of all that wasted human potential.

No lesson in American history could be clearer than the wisdom of generous spending on education and training. No society can make a bigger mistake than to skimp on preparing its citizens for lives as productive citizens.

For those reasons, I am an enthusiastic cosponsor of your new bill, Mr. Chairman. The Community Partnership for Employment and Training Act is an excellent successor to the expiring Comprehensive Employment and Training Act, and it promises to continue and to improve on the many efforts we have made to provide jobs and job training to those in need.

With all due respect to the other proposals aimed at furthering those aims, I believe that H.R. 5320 best recognizes the successes of existing programs, and best addresses the realities of the job market in the 1980's. By directing involving local business leaders, by maintaining the key role of local governments, your bill combines the necessary and proven ingredients to make the program more effective in the years ahead.

Clearly, such a program is needed now more than ever. Even if there is a strong economic recovery, those without skills, those without work experience, and those without training for today's workplace will continue to remain jobless outsiders. If the current recession drags on, or if a recovery is followed—as usual—by yet another downturn, we are dooming a large percentage of our population to permanent underclass status, and we are dooming our treasury to continuing drains from welfare, unemployment, and crime; if we do not put adequate jobs programs in place.

We have proof that it is cheaper, far cheaper, to get someone employed than it is to sustain or incarcerate him or her. And it is obvious, also, that there is no hope of lasting economic prosperity if people in this Nation have neither the skills to make new products nor the money earned to buy those products.

Your bill, Mr. Chairman, will get help to at least some of the members of the underclass I have mentioned. You rightly admit that the proposal should be just one component of a needed overall plan for economic growth. However, H.R. 5320 is a realistic, foward-looking approach which, above all, offers some hope to those in America who are increasingly in despair of being heard or helped.

I strongly support the Community Partnership for Employment and Training Act, and I will do all that I can to see that it will be swiftly enacted into law.

I want to thank you, Mr. Chairman and the members of the Employment Opportunities Subcommittee, for this opportunity to speak with you on one of our Nation's most crucial policy issues.

Representative **Hawkins**. Thank you, Mrs. Chisholm.

The next witness is the Honorable Marge Roukema of New Jersey.

STATEMENT OF HON. MARGE ROUKEMA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Representative **Roukema**. Thank you, Mr. Chairman and members of the House and Senate subcommittees. I am pleased to appear before this joint subcommittee hearing in order to discuss legislation concerning Federal-job-training programs. The decisions to be made on job training this year will have a substantial impact on our efforts toward economic recovery, as well as our competitive position in high technology and industrial markets.

There is bipartisan agreement, I believe, that we must go back to the drawing board on Federal-employment-training programs. The current program has not worked well and has failed to provide trainees with employable skills. In my opinion, we must now restructure these programs as a partnership between the Federal Government and the business community. I believe that many of those who have criticized existing programs agree with me that there is still an important role for the Federal Government in job training, but that we need a less costly and more effective approach.

By more effective, I mean a program that will put trainees in permanent, private-sector jobs with opportunities for advancement.

As a member of the House Education and Labor Committee, I spent a good portion of my first term meeting with business and labor leaders, local, State, and Federal employment officials, and educators. Their recommendations have been borne of experience and they have been invaluable in developing the legislation I am introducing today. My legislation is part of an overall concept that I call the partnership program, and I am here today to urge your support for this approach to employment training.

The bill I am introducing today, called the Private/Public Partnership for Jobs Act of 1982, embodies the first two elements of this program. First, it would require that at least 50 percent of the enrollees in a job-training program be directly linked to jobs that exist and jobs that would become available to them upon completion of the training.

Specifically, the bill would require prime sponsors to enroll at least 50 percent of the trainees in partnership training, which would include on-the-job training, upgrading, or retraining of unskilled or semiskilled workers, prehire customized training, preapprenticeship training, apprenticeships, or any other special or remedial training conducted with a commitment by an employer or group of employers to hire an individual upon successful completion of the training. At present, only approximately 15 percent of the trainees nationwide are enrolled in these programs.

In addition, the bill would make an employment bonus available to any employer making a prehire commitment to a trainee engaged in the training that is not directly provided by the employer. This pretraining bonus, I believe, is included in the bill as presented by Mr. Jeffords.

By linking employment training to specific jobs, the Federal Government would be getting the most for its money. For example, a Department of Labor study has demonstrated that on-the-job training costs about $6,088 per trainee per service year; whereas classroom training costs $8,046 and public service employment was $9,030. If this bill is adopted, it will keep the costs toward the lower end of the scale by encouraging on-the-job training and other forms of training directly linked to newly created jobs. Curriculums will be more specific and, in my opinion, more practical.

In addition, the bill would clear up a discretionary area of existing law by absolutely requiring a job training administrator to use any existing secondary or postsecondary vocational education facility for an educational program where Federal job training dollars are being provided. This would provide a closer linkage between Federal job training and vocational education, which is currently tenuous at best because administrators are, in my opinion, given too much latitude in utilizing existing facilities.

The essential components of the legislation are this: The most effective device for increasing the probability that an employer will want to hire a program graduate is to involve that employer before the training begins. Such involvement is the ideal way for the business community to participate in the job training system.

There are two other elements in the partnership program that I am proposing. First, I strongly endorse the legislative efforts that strengthen the role of the private industry councils, which currently provide the link between private business and Federal job training programs. If there is one thing on which we can all agree, it is that business remains suspicious of Federal employment training and has not participated anywhere near the extent that it should. Without the enthusiastic support of the business community, any new legislation in 1982 is an exercise in futility. Therefore, I note that both Chairman Hawkins and Chairman Quayle, as well as Congressman Jeffords and Congressman Petri, have all proposed steps to strengthen the role of the PIC's, and I urge you to make that an important part of any bill that is reported from this subcommittee. I would particularly emphasize the need for the strongest possible role of the PIC in both the planning and the management of the programs as is provided in both the Jeffords and the Quayle-Petri bills.

Finally, I would like to briefly mention a matter that does not fall within the jurisdiction of this committee, but that I believe should be tied to any comprehensive jobs legislation. I have long advocated that we do more to encourage apprenticeships in private industry. Therefore, it is my intention to introduce legislation that will provide tax incentives to businesses that have bona fide apprenticeship programs. The tax credits would focus on the need for highly intensive and extensive training in industries where there is a critical shortage of skilled labor.

Thank you, Mr. Chairman.

Representative HAWKINS. Thank you, Mrs. Roukema.

[The prepared statement of Representative Roukema follows:]

PREPARED STATEMENT OF REPRESENTATIVE MARGE ROUKEMA

Chairman Hawkins, Chairman Quayle, Members of the House and Senate Subcommittees:

I am pleased to appear before this joint subcommittee hearing in order to discuss legislation concerning federal job training programs. The decisions to be made on job training this year will have a substantial impact on our efforts toward economic recovery as well as our competitive position in high-technology and industrial markets.

There is bipartisan agreement, I believe, that we must go "back to the drawing board" on federal employment training programs. The current program has not worked well and has failed to provide trainees with employable skills. In my opinion, we must now restructure these programs as a "partnership" between the federal government and the business community. I believe that many of those who have criticized existing programs agree with me that there is still an important role for the federal government in job training, but that we need a less costly and more effective approach.

By "more effective," I mean a program that will put trainees in permanent, private-sector jobs with opportunities for advancement.

As a member of the House Education and Labor Committee, I have spent a good portion of my first term meeting with business and labor leaders, local, state and federal employment officials, and educators. Their recommendations have been borne of experience and they have been invaluable in developing the legislation I am introducing today. My legislation is part of an overall concept I call the "Partnership Program," and I am here today to urge your support for this approach to employment training.

The bill I am introducing today, called the "Private/Public Partnership for Jobs Act of 1982," embodies the first two elements of this program. First, it would require that at least 50 percent of the enrollees in a jobs training program be directly linked to jobs that exist and jobs that would become available to them upon completion of the training. Rather than the hope that jobs would exist for trainees, my bill would require that training be first linked to a specific job at least 50 percent of the time as assured by the Administrator's annual plan.

To be even more specific, my bill would require prime sponsors to enroll at least 50 percent of the trainees in "partnership training," which would include on-the-job training, upgrading or retaining of unskilled or semi-skilled workers, pre-hire customized training, pre-apprenticeship training, apprenticeships, or any other general or remedial training conducted with a commitment by an employer or group of employers to hire an individual upon successful completion of the training. At present, only about 15 percent of the trainees nationwide are enrolled in these programs.

In addition, my bill would make an employment bonus available to any employer making a prehire commitment to a trainee engaged in training that is not directly provided by the employer. This would allow payment by the program administrator of up to 50 percent of the first six months wages of the trainee at the end of that first six months of employment. In the case of on-the-job training, administrators are already permitted to subsidize about 50 percent of the wages of trainees. However, the exact amount is limited to the difference between the wage and the training costs and lower productivity associated with the individual. My bill would allow an additional 20 percent wage subsidy to be applied retroactively after the trainee has been employed six months and the employer makes a commitment to keep the employee.

By linking employment training to specific jobs, the federal government would be getting the most for its money. For example, a Department of Labor study demonstrated that on-the-job training cost about $6,088 per trainee per service year, whereas classroom training cost $8,046 and public service employment was $9,030. If my bill is adopted, it will keep the costs towards the lower end of the scale by encouraging on-the-job training and other forms of training directly linked to newly-created jobs. Curriculums will be more specific and, in my opinion, more practical.

The essential components of the legislation are these: The most effective device for increasing the probability that an employer will want to hire a program graduate is to involve the employer before the training begins. Such involvement is the ideal way for the business community to participate in the jobs training system.

There are two other elements in the "Partnership Program" that I am proposing. First, I strongly endorse legislative efforts to strengthen the role of the Private Industry Councils, which currently provide the link between private businesses and federal job training programs. If there is one thing upon which we can all agree, it is that business remains suspicious of federal employment training and has not participated anywhere near the extent that it should. Without the enthusiastic support of the business community, any new legislation in 1982 is an exercise in futility. Therefore, I note that both Chairman Hawkins and Chairman Quayle, as well as Congressman Jeffords and Congressman Petri, have all proposed steps to strengthen the role of these PICs, and I urge you to make that an important part of any bill you report out. I would particularly emphasize the need for the strongest possible role of the PIC in both the planning and management of the programs as is provided in both the Jeffords and the Quayle/Petri bills.

Finally, I would like to briefly mention a matter that does not fall under the jurisdiction of this Committee, but that I believe should be tied into any comprehensive jobs legislation. I have long advocated that we do more to encourage apprenticeships in private industry, and therefore it is my intention next week to introduce legislation that will provide tax incentives to businesses that have bona fide apprenticeship programs. The tax credits would focus on the need for highly intensive and extensive training in industries where there is a critical shortage of skilled labor.

In summary, I am suggesting a four-point "Partnership Program" that will significantly change the viability and success of any federal job training programs. First, we must directly link at least 50 percent of our trainees to jobs that will exist upon their completion of the program. Secondly, we must require that existing vocational education facilities be used, whenever possible, by federal jobs training programs. Third, we need to substantially strengthen the planning and management role of the Private Industry Councils within any new program. Finally, we should provide reasonable tax incentives to businesses that create new jobs through apprenticeship programs.

This amounts to a declaration of a new partnership between business and government if we take these necessary steps. In the long run, I believe we must limit the role of government and strengthen the role of our businesses and industries. I believe we can do more for less, and I urge the Committee to act promptly and positively on these concepts.

Thank you.

Representative HAWKINS. May the Chair respectfully welcome back to this room both Mrs. Chisholm and Mr. Brown, who once were members of the Committee on Education and Labor. We are very pleased that your early training has lasted and that you have returned, and we appreciate that, along with the others.

Mr. Richmond, you made reference to the effectiveness of CETA program. It is rather relevant to the hearings because, yesterday, Secretary of Labor Donovan, speaking for the administration, left the impression that in the years of operation of CETA that $53 billion had been, in a sense, wasted or unwisely invested without a return. I notice that you touched on that.

Would you repeat, as briefly as you can, the statistics that you gave and indicate their origin, because they comfirm other statistics that have been given to this committee, but apparently not reachful by the Secretary of Labor.

Representative RICHMOND. Mr. Chairman, we have three youth employment training programs that were operating now at Bed-Stuy Restoration—and, as you know, I indicated that in that particular area, the level of unemployment is 67 percent among black teenagers. The project goes on for 24 weeks. The students receive a minimum subsidy of approximately $80 a week. They spend 4 hours a day of on-the-job training, we place them in hospitals, libraries, and factories, and anyplace where they are actually going to get 4 hours of training. The other 4 hours is spent in classroom training, where we train them how to dress, how to speak, how to apply for jobs, how to fill out an application. Of course, we get into basic learning problems because our average student is functionally illiterate.

Representative **HAWKINS**. I think the question goes to the return on the dollar.

Representative **RICHMOND**. The return, sir, is, at the end of the 24 weeks: 60 percent of our students are placed in nonsubsidized jobs, and 12 percent go on to additional schooling, including college, vocational or technical training. The average cost per participant is under $5,000.

Now, studies have shown that those jobs return $2.28 per dollar spent in social benefits, and that every dollar spent on classroom training returns $1.14. So it is a fantastic investment.

What we are doing is taking people who are takers, tax takers, and we are making them into taxpayers. Now why Secretary Donovan shouldn't applaud this type of program, I can't understand. It is right along the lines of what the administration seems to want: Take people off the Government dole and make them into taxpayers.

Now that is precisely what your CETA program is doing. That is why I applaud the program, and I think we ought to expand it so that everybody in the United States who needs training, who needs some basic education, is able to get it.

Representative **HAWKINS**. Thank you, Mr. Richmond.

Mrs. Chisholm, under the President's proposal, the summer youth employment program is not continued. It would obviously have to compete with the dislocated and other groups, what might be considered to be the so-called exempted groups, 10 percent of the funds would be used for all of the other groups. But, as such, the budget figures do not include any funding in fiscal year 1983 for youth.

Would you, in your experience with youth in certainly one of the sensitive areas of the country, indicate what impact this would have on jobs for youth next summer?

Representative **CHISHOLM**. I would be very glad to answer that question. First of all, it is very, very difficult for me to comprehend why so many of those who have the responsibility for the direction of life for people in this country do not understand the long-range effect of investing right now so that we don't instead pay billions of dollars down the path because of crime and so many other types of negative behavior.

There is no question about it—and maybe some persons would not want to utter it—we will be sitting on a tinderbox this coming summer: Idle hands, loafing in the streets, no hope for the future, 60 percent of the adults, fathers and mothers, unemployed. Negative patterns of social behavior could possibly develop this summer if we are not able to gainfully employ and give the young people in this country some hope that there is a future for them.

What particularly disturbs me is—picking up just a little bit from what Congressman Richmond said—that the Secretary of Labor, and other such gentlemen, do not really seem to see the interconnection amongst the various parts. And I am just very much afraid that, if we are not able to do something about summer training for the youth in this country, we are going to be really creating an additional hot tinderbox situation. There is no question about it.

Representative HAWKINS. With some clarification, Mrs. Chisholm, we do have some moneys for this summer. However, with the elimination of the program contemplated next year, fiscal year 1983, assuming what you said applies to this summer, would it be even worse next summer than even this summer, as you described it?

Representative CHISHOLM. Yes, Mr. Chairman.

There is just something else I would like to add. It may be a little bit irrelevant in terms of the question you asked, but it has been bothering me. That is, in many of the State employment agencies of this country, particularly in cities where much of the population is unemployed—I have taken it upon myself to go into a number of employment agencies in different areas of the country. It is amazing to see the number of jobs that are going begging in these areas and, yet, 35 percent of the people are out on the streets.

I wonder if somewhere in your legislation there could be developed some kind of coordination or interrelationship between the employment agencies of this Nation and the kind of job-training programs that are going on in the communities. People should somehow know about the availability of these jobs when they leave the programs. It is disgusting to go into State employment agencies and see 300 or 400 jobs paying $400 a week or better, and half your population is outside because, even though you have job training programs going on, there doesn't seem to be any connection between the training that is going on and the availability and accessibility of jobs.

That has worried me and concerned me for quite some time. I think we see too much of this kind of situation in certain parts of our country.

Representative HAWKINS. The Chair would yield at this point to Senator Quayle for a statement.

Senator QUAYLE. Thank you very much, Mr. Chairman. I want to thank all of the Members of Congress for their testimony. We now are starting our second day of hearings, and it does indicate the support we have had this morning for the training bill. We heard from the administration, of course, yesterday. We have a bipartisan group in the Senate that has come forth with a piece of legislation. There is a bipartisan group in the House of Representatives that wants to do something about training. The administration has a training bill.

We only have 6½ months before the CETA legislation expires. I believe that we are well on our way to having a replacement to that program.

I just want to add my hearty congratulations, Mr. Chairman, to the Members of Congress that have been in the forefront of the training legislation. Having been a Member for 4 years, I can recall that many of these same voices, and others, have been long in the forefront, sometimes lonely, but always in the forefront. They are very articulate and very much to the point. I and others certainly enjoy a partnership in working toward a fruitful conclusion in developing a comprehensive national training program that will serve the truly needy in this country, it will serve the economically disadvantaged.

There is also a new section that has come forth because of the reality of the situation, and that is the displaced worker in our country. There are a number of displaced workers that have no real chance of going back to their previous place of employment. It is time that we recognize that. Legislation has been put forth by the chairman, legislation on the bipartisan bill in the Senate, legislation by the administration, all directs itself to that very important, unfortunate, new element that we find in our society today.

So, Mr. Chairman, I want to again thank you for your cooperation, and the fine Members of Congress for their testimony.

Representative HAWKINS. Thank you, Senator Quayle, for your very generous remarks. It certainly is a pleasure to work with you and to welcome you from the House of the Lords into the Cave of the Winds.

Mr. Corrada.

Representative CORRADA. Thank you, Mr. Chairman.

I want to commend all of our colleagues who have testified this morning, each one contributing in a distinct manner with suggestions or recommendations. I find of particular importance the suggestions of Congressman Coelho that we should pay special attention to the training of people with disabilities. I think a lot has been done, but a lot remains to be done, in terms of providing better job opportunities and training for disabled individuals.

Mr. Chairman, with reference to some of the statements made by Congressman Richmond and Congresswoman Chisholm, I am particularly concerned because of the elimination of the summer youth program, as well as in the administration's bill the elimination of provisions that would allow for the payment of stipends.

The poorest of our poor who have dropped out from school, seventh grade, eighth grade, and ones perhaps looking for jobs and opportunities to enhance their economic situation, might find themselves in a very disadvantaged position if we eliminate all provisions under all circumstances for the payment of stipends. I am concerned about that.

I think that, just as some people believe that if you give more money to the rich it will trickle down to the poor, I believe if you give money to the poor it will trickle down faster to the poorer. A youngster during the summer session in which he has a job, gains some money, I am sure he will take that back home and perhaps help a parent, a relative, or someone who is in need of that money for whatever it is.

It is true that it may be a kind of assistance payment, but it provides a work environment during a short-term period that will result in an important experience. Secondly, it is not money lost down the drain. I think it is money that gets down there to those poorer areas in the country.

I would like to ask Congresswoman Chisholm if she would comment on the total elimination of stipends and how she views this as affecting some of the poorest of our people.

Representative CHISHOLM. I would have to say that, precisely because close to 39 or 40 percent of the employable adults in these kinds of underclass communities are unemployed, any kind of assistance that can be given or can be utilized by any member of the family in order to help said family maintain the basic sustenance of life, including rent, clothing, and food, is most desirable.

It isn't to say that we will be giving stipends to young people who will be using them for some kind of recreation or some kind of fun. This has to do with survival in these communities, the necessity for this money by the young people to help their families because their families themselves are not on the employment rolls of this country. So many of them are nonproductive citizens ending up on the public welfare rolls of this country rather than being productive citizens on the tax rolls of this country. It just burns me to see the kind of attitude and the lack of understanding by some of the theoreticians and persons who are putting these programs together, to realize what they are doing to the quality of life of poor people in this country.

Representative CORRADA. Mr. Dymally.

Representative DYMALLY. I share the view that the CETA program was very successful. I do not agree with the Secretary of Labor. Neither do I agree with those who criticize the program. It is not a perfect program. Neither is research in cancer perfect. But we don't stop subsidies to research in cancer.

I believe that these stipends are very important, because many of the people trained for these jobs need funds even for transportation, not to mention the items of daily existence, such as food and shelter. It is a vital part of any job training program which must be maintained.

Representative CORRADA. Thank you.

I yield back the balance of my time, Mr. Chairman.

Representative HAWKINS. Mr. DeNardis.

Representative DENARDIS. Thank you, Mr. Chairman.

I have no specific questions, but I do want to thank my colleagues for their testimony, their very important testimony.

I also want to note that there appears to be a substantial area of agreement among the four main proposals; and I think the new proposal that Congresswoman Roukema is introducing today. It would be helpful in the course of the hearing today and for the balance of the week to focus in on those four areas of agreement. It seems to me that we are going to focus on training efforts, hardcore unemployed, and youth, and in some cases those categories are combined.

The increased role for State government appears to be emerging through these proposals, the greater role for the private sector, particularly at the local level, in matching training with job availability. And fourth, the establishment of and use of performance standards.

I think that out of those four components, we will be able to fashion a bill in fairly short order. If people who are going to be testifying today would concentrate on how we can combine the slight differences in those four categories, it would help the committee a good deal.

Representative HAWKINS. Thank you.

Mr. Weiss.

Representative **Weiss**. Thank you very much, Mr. Chairman.

I, too, want to express my appreciation to our colleagues for coming forward and giving us the benefit of their thoughts. I especially appreciate Ms. Roukema's submission of her legislation.

I did want to take exception to one comment you made, Ms. Roukema, because I think that you may have been taken in. We had an exchange yesterday with the Secretary of Labor and his assistants and deputies. They, too, try to pass off to us the premise that, in fact, the CETA program has not worked, that it has been a failure, and they cited a 15 percent placement rate.

Then, upon exploration, it turned out that they got their numbers by taking those who left training programs within the month after completiton of those programs, totally ignoring studies that their own Department had conducted over the years, studies that independent universities and others had conducted, indicating that the average placement rate within 2 years after completion of those training programs was 70 percent in private, nonsubsidized jobs.

Indeed, the fact is that—although CETA is not perfect, no program is perfect—it has worked extremely well. It has never had enough money to do the job that it really was asked to do.

But I think we make a great mistake in just writing it off as being a failure and having to go back to the drawing board because it hasn't worked. I suggest to you that a year from now or 2 years from now, somebody else will come back with the same phony statistics and describe the new program, whatever it is, as being a failure also because it didn't meet their fictional standards.

Representative **Roukema**. I wouldn't want my comments to have been interpreted that extremely. I think the fact that we are remodeling and structuring a program based upon the experience of the past, the successes, as well as the failures, is testimony to the fact that improvements are clearly needed.

By the way, the statistics I used, the dollar amounts, were only meant to indicate the availability of a better return for our money, in addition to the better coordination of jobs to training programs. But there is also considerable evidence to indicate that there is a better return on your investment if you have a closer alinement between the available jobs and those who are in training programs.

I think it speaks to the issue that Mrs. Chisholm has noted the out-of-sync relationship between the numbers of people who are unemployment lines and who are open. We don't seem to be——

Representative **Weiss**. Marge, that is a separate issue. If you provide the moneys and the funding and the programs to deal with that problem, then you address it. But you can't say that because we are dealing with problem A and ignoring problem B that, therefore, the effort to deal with problem A is a failure.

Representative **Roukema**. I don't think that anything in my testimony was meant to suggest that extreme point of view.

Representative **Weiss**. Well, I quote to you, "The current program has not worked well and has failed to provide trainees with employable skills."

Representative **Roukema**. It has not worked well.

Representative **Weiss**. Don't let them con you, OK?

Representative **Roukema**. Mr. Weiss, I won't. However, I would also suggest that we not be diluted by our predisposed biases and affections for past programs, and not let that cloud the issue that we are now facing. The point is that there are better programs that can be constructed and we should take advantage of the experience of success and failure and recognize them for what they were.

Representative **Weiss**. Do you think that $1,800 million will in fact deal with the tremendous problem that you point to?

Representative **Roukema**. I do not know. But, on the other hand, I also know that there are shortages—we could allocate unlimited resources in many areas, including defense, and we have got to simply establish our priorities and balance out those costs. As you know, the other components——

Representative **Weiss**. Your answer is that you don't know?

Representative **Roukema**. Yes.

Representative **Weiss**. You don't know whether $1,800 million is enough or not?

Representative **Roukema**. Pardon me?

Representative **Weiss**. You don't know whether $1,800 million is enough?

Representative **Roukema**. I think that probably if it is well designed and well targeted, it will take care of a good portion of the problem that we are facing.

Representative **Weiss**. With 9 percent unemployment?

Representative **Roukema**. But I don't know with precision an exact amount, no. I am not here to speak to the subject of the dollar amounts. I am talking about the structure of the programs, and whatever the allocation is within the budget, that those funds be spent wisely, not only in terms of the accountability to the public, but also in terms of fulfilling our obligation to these unskilled workers and the need in our economy for well-trained, skilled personnel. That is what we are here about. If we aren't going to do that, then no amount of dollars in the program is going to be worthwhile.

Representative **Weiss**. I thank you very much. I think that your contribution has been an important one.

Representative **Hawkins**. Mr. Murphy.

Representative **Murphy**. Thank you.

Would the gentlelady from New Jersey answer one final question?

Ms. Roukema, does your proposal include public service employment training?

Representative **Roukema**. No. That section of the program—I don't know. I would defer to that. I did not envision that, but there may be some kind of linkage. But I did not envision that in this proposal, no.

Representative **Murphy**. I thank you. I then address this to my other colleagues who are remaining whether or not they would favor a continuing of public service employment training. I think that is something the committee would like to be advise of.

Mr. Dymally.

Representative **Dymally**. In my judgment, that ought not to be a question at all. We certainly have to include the public sector. My personal experience has been a beneficial one in the public sector.

I hear criticism, but I hear testimony from people who have been in the public sector whose lives have been changed as a result of the contribution the public sector made in the CETA Act.

Representative **Murphy**. Thank you.

Representative **Brown**. The public sector collectively in my district is the largest single employer. I think it would be unfortunate if they could not be included in the program.

Representative **Murphy**. Very good. Thank you.

Representative **Chisholm**. Mr. Brown took the words out of my mouth.

Representative **Murphy**. Ok. I tend to agree with you.

One final comment to my colleagues: I do appreciate Mr. Coelho mentioning the handicapped. We have a very good handicap training program now that is under our subcommittee's jurisdiction. However, the President's proposed budget almost halves that program. Some of the most economically disadvantaged are the handicapped and, if we allow that to go through, we will not be able to take care of even the 7 percent of the disadvantaged as we are doing now.

Thank you, Mr. Chairman.

Representative **Hawkins**. Mr. Jeffords.

Representative **Jeffords**. I have no questions, Mr. Chairman.

Representative **Hawkins**. I would like to thank the witnesses. You have been excellent, and we appreciate the testimony.

[The prepared statement of Representative Harold Washington follows:]

OPENING STATEMENT

CONGRESSMAN HAROLD WASHINGTON

JOINT HEARINGS ON EMPLOYMENT AND TRAINING LEGISLATION

MEMBERS OF THE JOINT COMMITTEE:

I REGRETEFULLY WILL BE UNABLE TO BE PRESENT AT THE BEGINNING OF THESE FOUR (4) DAYS OF JOINT HEARINGS ON EMPLOYMENT AND TRAINING POLICIES.

I COMMEND MY COLLEAGUE, CHAIRMAN HAWKINS, FOR HIS QUIET WORK IN THE FIELD OF EMPLOYMENT, BOTH EQUAL OPPORTUNITIES AND TRAINING. HE CLEARLY UNDERSTANDS THE WHY BEHIND THE LEGISLATION BEING DISCUSSED THIS WEEK. HE HAS WATCHED OVER THOSE AGENCIES CHARGED WITH THE RESPONSIBILITY FOR IMPLEMENTING THESE AND OTHER PROGRAMS DESIGNED TO IMPROVE THE PLIGHT OF MINORITIES, UNSKILLED WORKERS, THE POOR AND WOMEN. HE HAS DEMANDED GREATER PERFORMANCE FROM THOSE ADMINISTRATING THESE SERVICES.

I ALSO SALUTE THE SENATE COMMITTEE ON HUMAN RESOURCES FOR THE DIALOG AND COOPERATION IT HAS MAINTAINED WITH THE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES OF THE HOUSE.

IN FEBRUARY, THE JOBLESS RATE IN ILLINOIS JUMPED TO 542,000 OR 9.6%. THIS JOBLESS NEWS KEEPS GETTING GRIMMER FOR EVERYONE. FOR

BLACK WORKERS, ACCORDING TO THE DEPARTMENT OF LABOR, THE PICTURE IS WORSE. THE JOBLESS RATE JUMPED, FOR ADULT BLACK WORKERS, FROM 16.8% TO 17.3% AND FOR BLACK TEENAGERS SEEKING JOBS IT WENT FROM 41.2% TO . 42.3%. MANY OF THOSE INCLUDED IN THESE DRASTIC STATISTICS ARE RESIDENTS OF THE 1ST CONGRESSIONAL DISTRICT IN CHICAGO, WHICH I PROUDLY REPRESENT.

MANY OF THESE CASUALTIES OF THIS BUDGET CUTTING "MANIA" WERE INVOLVED IN SOME FORM OF THE CETA PROGRAM. IN THE 1ST CONGRESSIONAL DISTRICT OVER 1,900 PARTICIPANTS WERE FORCED ONTO THE WELFARE ROLLS, WITH THE ELIMINATION OF THE PUBLIC SERVICE EMPLOYMENT PROGRAM. THEY WERE NOT ABSORBED INTO THE LOCAL LABOR ECONOMY OF THIS AREA.

UNDER TITLE II-B, 1,098 OF PARTICIPANTS WERE DISPLACED. IN THE YOUTH SERVING PROGRAM (YETP/YCCIP/AND SYEP) 8,483 YOUNG PEOPLE WERE SENT TO THE STREET CORNERS OF OUR COMMUNITIES. WHEN A LOCAL DRUG CHAIN OPENED A NEW STORE IN DOWNTOWN CHICAGO LAST FALL, FOR 100 PART-TIME JOBS, OVER 5,000 APPLICANTS SHOWED UP SEEKING THESE JOBS. IN TOTAL, OVER 13,058 INDIVIDUALS AND FAMILIES NOW HAVE A DIMMER VIEW FOR THE FUTURE

THEN BEFORE LAST SUMMER.

THE ADMINISTRATION'S REQUEST FOR FUNDING OF EMPLOYMENT AND TRAINING PROGRAMS, THE METHODOLOGY IT SEEKS TO EMPLOY AND THE LIMITATIONS IT PLACED ON PARTICIPATION IS "SHORT-SIGHTED" AND DOES NOT ADDRESS THE CRISIS FACING COMMUNITIES LIKE THE 1ST DISTRICT OF CHICAGO.

I HOPE THAT ALL OF US, INCLUDING THE MEDIA, WILL RENEW THEIR EFFORT TO UNDERSTAND AND ACCURATELY PRESENT TO THE AMERICAN PEOPLE THE DANGER WE FACE IF WE DON'T SOLVE THESE PROBLEMS BEFORE THEY OVERTAKE US.

Representative HAWKINS. Our next panel will consist of Governors: The Honorable Pierre du Pont, Governor of the State of Delaware, testifying on behalf of the National Governor's Association; the Honorable Robert D. Orr, Governor of the State of Indiana; the Honorable Carlos Romero-Barcelo, Governor of the Commonwealth of Puerto Rico; and the Honorable Edward J. King, Governor of the State of Massachusetts.

Governors, we wish to welcome you en bloc. I understand there is a time schedule element involved with several of you, so we will try to expedite this as rapidly as possible. In order to do that, with all of the other witnesses, we might suggest that the little lights in front of you indicate a warning signal at the end of 4 minutes, and the red light indicates 5 minutes' time. This is possibly the first time a time limit has been imposed on a Governor, but it may help each of you because I understand several of you must make some other appointments.

We will call on you in the order in which you have been listed. The Honorable Pierre du Pont, the Governor of the State of Delaware is listed first. Governor, we welcome you.

STATEMENTS OF HON. PIERRE S. DU PONT, GOVERNOR OF THE STATE OF DELAWARE, TESTIFYING ON BEHALF OF THE NATIONAL GOVERNORS' ASSOCIATION; HON. ROBERT D. ORR, GOVERNOR OF THE STATE OF INDIANA; HON. CARLOS ROMERO-BARCELO, GOVERNOR OF THE COMMONWEALTH OF PUERTO RICO; AND HON. EDWARD J. KING, GOVERNOR OF THE STATE OF MASSACHUSETTS

Governor DU PONT. Mr. Chairman, on behalf of the National Governors' Association and my fellow Governors who are with me today, we thank you for the opportunity of addressing our concerns to the committee and commenting upon the several pieces of legislation that have been introduced. I would like to speak on behalf of the association, and at the conclusion of my testimony, on my own behalf, to briefly speak in regard to this legislation and make some suggestions that I believe would be helpful in strengthening it.

I do want to congratulate Senators Quayle and Kennedy, you, Mr. Chairman, and Congressman Jeffords for the very fine pieces of legislation that have been prepared and introduced.

I would like to submit my formal testimony for the record and make four points regarding the legislation which I believe are the most important ones.

First, the National Governors' Association is particularly pleased with the plans for a new and enhanced role for the State and Governors in the legislation that has been introduced. In the administration's proposal and in the Quayle-Kennedy bill, and the Jeffords bill as well, there is a very strong role for Governors. We believe that these kinds of employment and training programs are best addressed at the State level, that that is the most logical jurisdiction to handle the administration of the programs and the delivery system.

We particularly appreciate the confidence displayed in Governors in this legislation, and we believe that if these pieces of legislation are enacted that we can adequately handle the programs and run them efficiently and effectively.

Second, we also support the very strong partnership role with the private sector that is written into this legislation. The majority membership from the private sector on the various training councils that you have in your bill, we believe will give a broader sense of ownership to these programs because employment and training is not your problem in Washington, it is not our problem in our State capitals, it is a problem that all of us have together and all of us ought to work together.

We believe by bringing the private sector and the business sector into the training councils that we will get a much greater sense of ownership.

Third, in regard to eligibility, the key here we believe is flexibility. The problems of Michigan are not the problems of New York; the problems of Delaware are not the problems of Arizona. Each State needs to be able to address its own problems in its own way.

We are enthusiastic about the 10 percent waiver of income eligibility that is contained in the administration's and the Quayle-Kennedy and the Hawkins bills. In fact, we believe that that percentage ought to be somewhat larger. We also believe that the Governors ought to be permitted to ask for waivers, if they have specific employment and training needs in their jurisdictions, to increase the percentage further, and that the Secretary of Labor be given the power to make a decision on those waiver requests.

The eligibility for welfare recipients ought to be expanded, we think, beyond AFDC recipients to include all recipients of income support, whether it be cash or in kind.

The fourth point is that we approve of the very heavy emphasis on youth in all of the legislation. Youth eligibility ought to include 16- and 17-year-olds, and it ought to include inschool youth. That goes along with our belief that the right strategy to adopt in employment and training is a strategy of prevention, that it is much better to try to get to the problem before it occurs to cure the cancer in its early stages and not wait until you have a patient in extremis that needs expensive and very difficult to deliver services.

Those are the four principal points, Mr. Chairman, that we believe are important.

Let me turn, if I can, for a moment to my own experience in Delaware because we have had some practical experience with the concept that is embodied in this legislation, because we have a statewide nonprofit corporation with a strong role being played by the private sector, by labor unions, by community organizations. That nonprofit organization is, in fact, conducting a comprehensive school-to-work transition program. It was designed on a preventive basis. It was designed to try to reach young people in school before they became unemployed.

The program is called Jobs for Delaware Graduates. It has been very successful. And it demonstrates that when everyone works in the same direction, that when you get your labor unions, your business, your community groups, your educators, your local governments and your statewide government working together in a program, you can achieve significant results. That program has been replicated in four other places, in portions of Tennessee and Massachusetts, in Missouri, and Arizona.

We believe It is successful because it focuses on the four very things that I have talked about in your legislation today: It is a prevention strategy; the private section is involved; the Governors are in charge; and there are flexible eligibility standards.

In that particular program, there are no eligibility standards at all. We may serve any inschool youth liable to become unemployed. Fifty-six percent of the participants are minority, and 12 percent are handicapped, and both of those figures, of course, are far in excess of the proportionate groups in the population.

In closing, let me emphasize that we believe that prevention is the critical strategy. We have plenty of experience to show that high cost and relatively low success goes with remedial efforts when you compare them with preventive efforts.

We ought to work with the three transitions: The transition of getting young people from school to work; the transition of helping displaced workers get a skill before they become unemployed; and, of course, the very difficult problem of teaching new skills to people who have been unemployed for some time.

Again, on behalf of the National Governors' Association, I thank you for the opportunity of appearing, and I think my fellow Governors will have some comments to add to my presentation.

Representative HAWKINS. Thank you, Governor.

[The prepared statement of Governor du Pont follows:]

TESTIMONY OF

THE HONORABLE PIERRE S. DUPONT IV

GOVERNOR OF DELAWARE

BEFORE THE

JOINT HEARINGS

OF THE

SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

AND THE

HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

ON BEHALF OF

THE NATIONAL GOVERNORS' ASSOCIATION
AND THE STATE OF DELAWARE

MARCH 16, 1982

Chairman Quayle, Chairman Hawkins and members of your subcommittees, I am pleased to have the opportunity to testify before you today in two capacities--first, in my capacity as chairman of the Employment and Training Subcommittee of the National Governors' Association, and second, as Governor of the state of Delaware where I have initiated a major statewide effort to get our graduating high school students into jobs.

I am pleased to be here because, as a former member of the Congress, I appreciate the significance of joint House and Senate hearings co-chaired by members of opposite parties. These joint, bi-partisan hearings are evidence of the critical importance of the workforce preparation issues we face in the coming years as the demography of the labor force changes and as the accelerating pace of technological development revolutionizes our labor market needs. I congratulate Senators Quayle and Kennedy, Congressman Hawkins, Congressman Jeffords, their co-sponsors and the Administration for their recognition of these issues, and for the significant pieces of legislation they have developed to address them.

I would like to speak to these pieces of legislation, and particularly to state-level issues in them, based upon the employment and training principles which the Governors adopted unanimously on February 23, in the course of our winter meeting here in Washington.

First, the National Governors' Association is pleased that each of these bills, albeit in varying degrees, recognizes the need for a substantially increased role for the state and in particular for the Governor in the employment and training system. The critical role

ENVISIONED FOR GOVERNORS BY THE ADMINISTRATION AND THE QUAYLE-KENNEDY BILL IS MOST ENCOURAGING AND WE DO APPRECIATE THE CONFIDENCE IN GOVERNORS DISPLAYED IN THOSE TWO BILLS. NGA HAS LONG HELD THE POSITION THAT THE STATE IS THE MOST LOGICAL LEVEL OF GOVERNMENT TO ORGANIZE THE ADMINISTRATION OF THE DELIVERY SYSTEM FOR TRAINING SERVICES ON A SUBSTATE BASIS, AS THE BILLS SPONSORED BY SENATORS QUAYLE AND KENNEDY, CONGRESSMAN JEFFORDS AND THE ADMINISTRATION RECOGNIZE. NGA HAS ALSO ARGUED THAT FEDERAL LEGISLATION MUST NOT DICTATE ADMINISTRATIVE STRUCTURES TO THE STATES, BUT RATHER MUST ALLOW FLEXIBILITY FOR THE STATES TO ORGANIZE THE ADMINISTRATION OF PROGRAMS IN A MANNER SUITED TO THEIR OWN UNIQUE AND DIFFERENT ORGANIZATIONAL ARRANGEMENTS. FOR THIS REASON, WE APPLAUD THE PROVISIONS IN THE BILLS OF SENATORS QUAYLE AND KENNEDY, CONGRESSMAN JEFFORDS AND THE ADMINISTRATION WHICH WOULD EFFECTUATE A CONSOLIDATION OF FEDERALLY-MANDATED ADVISORY STRUCTURES WITH OVERLAPPING AND RELATED FUNCTIONS. IN THIS SAME VEIN, NGA APPLAUDS THE GRANT CONSOLIDATION OF CETA AND WIN CONTAINED IN THE ADMINISTRATION'S PROPOSAL, WITH THE FULL EXPECTATION THAT THE FUNDING FOR THE CONSOLIDATED PROGRAM WILL BE AT LEAST AT THE FY 82 LEVEL OF THE SEPARATE PROGRAMS.

THE TRANSITION YEAR WHICH THE ADMINISTRATION'S BILL WOULD PROVIDE IN ORDER TO ARRIVE AT THIS NEW ORGANIZATION OF THE DELIVERY SYSTEM IS A VERY IMPORTANT ITEM FOR US, SINCE NGA HAS CONSISTENTLY FOUGHT FOR ADEQUATE LEAD TIME FOR TRANSITIONS IN FEDERAL PROGRAMS. WE APPLAUD THE TRANSITION PROVISIONS IN THE ADMINISTRATION'S BILL. SENATORS QUAYLE AND KENNEDY'S PROVISIONS REGARDING THE CERTIFICATION OF PICS BY THE GOVERNOR ALSO SEEM TO RECOGNIZE THAT THE PACE OF IMPLEMENTATION MAY DIFFER FROM AREA TO AREA AND HIS CERTIFICATION PROCESS WOULD APPEAR TO PROVIDE ROOM FOR A SMOOTH TRANSITION. WHICHEVER APPROACH IS ADOPTED IN THE FINAL LEGISLATION, THE ESSENTIAL POINT TO BE MADE IS THAT WE MUST HAVE AN ADEQUATE TRANSITION PERIOD.

ONE REASON THAT A TRANSITION PERIOD IS NECESSARY IS IN ORDER TO ENSURE A FAIR AND EQUITABLE PROCESS AT THE LOCAL LEVEL. THE GOVERNORS ARE ANXIOUS TO HAVE THE BEST POSSIBLE WORKING RELATIONSHIPS WITH STATE AND LOCAL PRIVATE SECTOR BUSINESS ORGANIZATIONS, WITH LABOR UNIONS, WITH MULTIPLE AGENCIES REPRESENTING THE VARIOUS FACETS OF THE EDUCATION COMMUNITY, AND WITH LOCAL GOVERNMENTS. A LOCAL PETITION PROCESS REGARDING THE DESIGNATION OF SUBSTATE SERVICE DELIVERY AREAS, SUCH AS THAT PROVIDED FOR IN THE QUAYLE-KENNEDY BILL, WILL HELP TO ENSURE THE BUILDING OF A RATIONAL, WORKABLE SYSTEM WITHIN EACH STATE.

A FINAL ISSUE ALONG THESE SAME LINES IS THE NEED FOR A MULTI-YEAR COMMITMENT FROM THE FEDERAL GOVERNMENT WITH REGARD TO THIS PROGRAM. ALTHOUGH IN THE PAST NGA HAS ADVOCATED FORWARD-FUNDING FOR TRAINING PROGRAMS, THIS HAS NOT COME ABOUT. WE RECOGNIZE THE DIFFICULTIES THAT FORWARD-FUNDING PRESENTS IN THE APPROPRIATIONS PROCESS, AND FEEL THAT THE QUAYLE-KENNEDY SOLUTION OF PROGRAM YEAR FUNDING, AS IS USED IN FEDERAL EDUCATION PROGRAMS, IS A GOOD ONE AND ONE THAT WE SUPPORT. NOT ONLY WILL THIS FACILITATE A CALM AND RATIONAL PLANNING PROCESS, BUT IT WILL ALSO SERVE TO FURTHER THE GOAL OF COORDINATING TRAINING PROGRAMS WITH THE EDUCATION SYSTEM, SOMETHING NGA HAS LONG SOUGHT TO DO.

I WILL BE RETURNING TO THE ISSUES OF PLANNING AND COORDINATION LATER IN THIS TESTIMONY, BUT LET ME NOW TURN TO SOME ISSUES CONCERNING ELIGIBILITY. THE NATION'S GOVERNORS ARE ALL CONCERNED ABOUT THE PROBLEM OF DISPLACED WORKERS. TO PARAPHRASE ARIZONA GOVERNOR BRUCE BABBITT'S RECENT REMARK: "WHAT HAPPENS IN MICHIGAN AFFECTS US IN DELAWARE, TOO." FOR THIS REASON, NGA IS PLEASED THAT CONGRESSMAN HAWKINS, SENATORS QUAYLE AND KENNEDY AND THE ADMINISTRATION ALL ADDRESS DISPLACED WORKERS

IN THEIR LEGISLATIVE PROPOSALS. WE URGE THAT A SEPARATE PROGRAM, ADMINISTERED THROUGH THE NEW TRAINING STRUCTURE, BE PART OF THE OVERALL EMPLOYMENT AND TRAINING POLICY.

ON ANOTHER ELIGIBILITY ISSUE, WE STRONGLY SUPPORT THE 10% WAIVER FROM INCOME ELIGIBILITY REQUIREMENTS CONTAINED IN THE PROPOSALS OF CONGRESSMAN HAWKINS, SENATORS QUAYLE AND KENNEDY AND THE ADMINISTRATION, AND SUGGEST THAT THIS PERCENTAGE COULD EVEN BE ENLARGED, PERHAPS BY AN ADDITIONAL 5%. WE ALSO SUGGEST PROVISIONS TO ALLOW GOVERNORS THE OPPORTUNITY TO SEEK INCREASES, UPON THE APPROVAL OF SECRETARY OF LABOR, WHEN NECESSARY TO MEET LOCAL NEEDS.

THE ELIGIBILITY OF WELFARE RECIPIENTS IS ALSO A MATTER OF INTEREST, AND WE SUGGEST THAT THIS BE EXPANDED BEYOND AFDC RECIPIENTS TO INCLUDE ALL RECIPIENTS OF INCOME SUPPORT, WHETHER IT BE CASH OR IN-KIND.

FINALLY ON ELIGIBILITY, WE ARE PLEASED BY THE HEAVY EMPHASIS ON YOUTH IN ALL FOUR BILLS, AND HAVE TWO SPECIFIC SUGGESTIONS TO MAKE REGARDING YOUTH ELIGIBILITY. FIRST, NO FINAL LEGISLATION SHOULD EXCLUDE 16 AND 17 YEAR OLDS FROM ELIGIBILITY, AND SECOND, IN-SCHOOL YOUTH MUST NOT BE EXCLUDED EITHER. THIS IS IN KEEPING WITH MY OWN PERSONAL PHILOSOPHY TO EMPHASIZE PREVENTION OF UNEMPLOYMENT OVER REMEDIATION, AS WELL AS BEING NGA'S POSITION.

WITH REGARD TO THE DESIGN OF YOUTH PROGRAMS, NGA STRONGLY SUPPORTS THE PROVISIONS IN THE BILLS FOR PERFORMANCE STANDARDS IN YOUTH PROGRAMS SEPARATE AND DISTINCT FROM THOSE USED IN ADULT PROGRAMS AND BASED ON THE CONCEPT OF COMPETENCIES ATTAINED AS OUTCOMES. WE WOULD CAUTION THAT THE

DEVELOPMENT OF SUCH COMPETENCY STANDARDS, PARTICULARLY IN THE AREAS OF WORK MATURITY AND PRE-EMPLOYMENT SKILLS, IS A VERY DIFFICULT TASK, AND THE STATE-OF-THE-ART IN ASSESSMENT INSTRUMENTS TO MEASURE THEIR ACHIEVEMENT IS NOT HIGHLY DEVELOPED AS YET--ANOTHER ARGUMENT FOR AN ADEQUATE TRANSITION PERIOD. THERE IS A FURTHER POINT TO BE MADE ON THIS SUBJECT, HOWEVER. THAT IS THAT WHATEVER COMPETENCY STANDARDS ARE ARRIVED AT, THEY MUST MESH PROPERLY WITH EXISTING BASIC EDUCATIONAL COMPETENCY STANDARDS AND OCCUPATIONAL LICENSING AND CERTIFICATION STANDARDS, STANDARDS OVER WHICH THE STATES HAVE HISTORICALLY AND CONSTITUTIONALLY HAD RESPONSIBILITY. FOR THIS REASON NGA URGES THAT CONGRESSMAN JEFFORDS' PROPOSAL THAT THE STATES BE INVOLVED IN ESTABLISHING COMPETENCY STANDARDS FOR YOUTH EMPLOYABILITY DEVELOPMENT PROGRAMS BE ADOPTED IN THE FINAL LEGISLATION.

THIS ISSUE OF COMPETENCY STANDARDS IN YOUTH PROGRAMS HIGHLIGHTS THE NEED FOR COORDINATION BETWEEN THE EMPLOYMENT AND TRAINING SYSTEM AND THE EDUCATION SYSTEM, WHICH I ALLUDED TO EARLIER. CONGRESSMAN JEFFORDS' BILL WHICH ENVISIONS A DEVELOPMENTAL SEQUENCE OF SERVICES LEADING TO EMPLOYABILITY ALSO CALLS ATTENTION TO THIS NEED FOR COORDINATION. THIS CONCEPT OF A CONTINUUM FROM EDUCATION TO EMPLOYMENT WILL BEST BE REALIZED, WE BELIEVE, BY LODGING THE RESPONSIBILITY AND THE RESOURCES FOR COORDINATION AT THE STATE LEVEL.

TO THAT END, NGA IS PARTICULARLY PLEASED THAT THE ADMINISTRATION'S BILL PROVIDES FOR BOTH A STATEWIDE PLANNING PROCESS AND A MAJORITY OF PRIVATE SECTOR REPRESENTATIVES TO SERVE ON THE STATE BOARD. WE WOULD ENCOURAGE THE AUTHORS OF THE FINAL LEGISLATIVE PROPOSAL TO ESTABLISH AT

THE STATE LEVEL A PLANNING FUNCTION BY MEANS OF WHICH THE STATE WOULD DETERMINE SOME *BROAD* PARAMETERS WITHIN WHICH THE LOCAL PICs WOULD DEVELOP THEIR PLANS. WE DO NOT INTEND TO SUGGEST ANY DETAILED PLANNING PRESCRIPTIONS THAT WOULD FORCE THE LOCAL PLANNING PROCESS INTO A COMPLIANCE-ORIENTED MODE, BUT RATHER SUPPORT THE URGENT NEED FOR A STATE-LEVEL FRAMEWORK OF BROAD PROGRAM EMPHASES THAT WOULD MESH EMPLOYMENT AND TRAINING PROGRAMS WITH THE STATE'S OVERALL DEVELOPMENT PRIORITIES. SUCH A PROVISION WOULD COMPLEMENT NICELY THE EMPHASIS IN ALL FOUR PROPOSALS ON PERFORMANCE-BASED CONTRACTING AND THE ELIMINATION OF SET-ASIDES, TWO PROVISIONS WHICH NGA STRONGLY SUPPORTS. WE ASK THAT THIS SUGGESTION BE INCORPORATED IN THE FINAL LEGISLATION.

A CRITICAL ASPECT OF ANY PLANNING PROCESS IS INFORMATION. NGA HAS LONG BEEN ARGUING THAT THE LABOR MARKET INFORMATION ACTIVITIES SCATTERED THROUGHOUT VARIOUS PIECES OF LEGISLATION AND VARIOUS GOVERNMENTAL ENTITIES NEED TO BE PULLED TOGETHER IN A RATIONAL MANNER AND STRENGTHENED WITH REGARD TO THE APPLICABILITY OF INFORMATION ON A STATE AND SUB-STATE BASIS. WE BELIEVE THAT THE QUAYLE-KENNEDY PROPOSAL ON LABOR MARKET INFORMATION ACCOMPLISHES THIS, AND URGE ITS ADOPTION.

IN ADDITION TO THE COORDINATION WITH THE EDUCATION SYSTEM WHICH IS SO CENTRAL TO THE IMPLEMENTATION OF CONGRESSMAN JEFFORDS' DEVELOPMENTAL MODEL, THE TRAINING SYSTEM WE WILL PUT IN PLACE NEEDS ALSO TO BE MESHED WITH THE LABOR EXCHANGE FUNCTION. ALL FOUR OF THESE LEGISLATIVE PROPOSALS ADDRESS THEMSELVES TO THIS ISSUE IN SOME FASHION. PROBABLY THE BEST WAY TO ACHIEVE THIS MESHING IS THROUGH THE PLANNING PROCESS BY HAVING PLANNING FOR WAGNER-PEYSER FUNCTIONS PARALLEL THE PLANNING FOR TRAINING FUNCTIONS, AND WE WOULD URGE YOU TO ADOPT THIS APPROACH IN THE FINAL LEGISLATION. BESIDES LOOKING AT THESE ORGANIZATIONAL AND MANAGEMENT ISSUES WITH REGARD TO LABOR EXCHANGE FUNCTIONS, WE NEED TO LOOK AT FINANCING ISSUES AS WELL--NOT ONLY WITH REGARD TO THE SHIFT TO A NEEDS-BASED FORMULA, WHICH NGA SUPPORTS, BUT ALSO WITH REGARD TO THE SOURCE OF FINANCING.

On another subject, let me say a few words about reporting requirements and audits. We believe that these subjects are treated quite well in Congressman Hawkins' bill. It is essential that reporting requirements be kept to a minimum and be clearly related to the kind of outcome information needed to manage the system properly. Similarly, we believe in a consolidated audit process, and think that the liability provisions in the bills offered by Congressman Hawkins and Senator Quayle represent a positive attempt to deal with this difficult issue which involves state constitutional limitations on entering into grant relationships with potential unlimited fiscal liability.

There are two final points I would make on behalf of NGA, both relating to the Quayle-Kennedy bill. First, we believe that the affirmative action provisions in this bill, relating to the utilization of training programs as an additional tool to achieve affirmative action goals, is creative and commendable. Second, the provision to extend the flexibility of the Economy Act to the state level is in keeping with NGA's long standing position against federal dictation of administrative structures. This provision in Senator Quayle's bill is new federalism at work, and we urge its adoption.

Finally, we want to extend a special thanks to the Department of Labor and the Congressional staffs for providing us so many occasions to offer our views in the development of their legislation. This is another concrete example of new federalism at work.

Thank you for the opportunity to present these views on behalf of NGA. Let me now turn to my own thoughts as Governor of Delaware.

Representative HAWKINS. Our next witness is the Honorable Robert D. Orr, Governor of the State of Indiana.

Governor ORR. Thank you, Mr. Chairman, Senator Quayle, and members of the subcommittees. There is genuine appreciation for the opportunity to appear here to present the point of view in this case, primarily of the people of the State of Indiana and of the experience which we have which has drawn our attention to certain recommendations to be made for your consideration.

Our Nation faces a challenge, and it is obviously the challenge of reviving a flagging economy and providing jobs for our citizens. No State in the Union is more aware of the overwhelming importance of meeting this challenge than Indiana. No State is in the country is more prepared to meet this challenge than is our State.

We are actively involved in Indiana in stimulating the growth and expansion of business and industry. We seek to insure a quality, trained work force to meet the needs generated by an expanding economy. We are deeply involved in determining methods by which our four main employment and training agencies: The Indiana Office of Occupational Development; the Indiana Rehabilitation Services Agency; the State Board of Vocational and Technical Education; and the Indiana Employment Security Division, will accomplish in the way of the goals that we seek.

A State vocational education, training and employment policy has recently been developed with the cooperation of these four agencies with the Indiana Department of Commerce. Within this policy, clear-cut, common goals and responsibilities have been established. The policy provides a foundation for the use of State and local resources as they apply to economic revitalization and the development of Indiana's human resources.

Although Indiana will use all available Federal assistance in the delivery of vocational education, training and employment services, the application of these Federal resources and the criteria for their use is not a governing condition of this policy.

To continue our work in Indiana, the cooperation of the Federal Government nonetheless becomes essential. Without an employment and training act which provides flexibility and clarity of purpose to integrate with our ongoing activities, the efforts required of the citizens of Indiana to meet the previous mentioned challenge will be much greater.

After consultation with my staff and these agencies and input from various advisory bodies in the State, we have developed a list of criteria which must be met to insure an employment and training act capable of meeting the challenge in Indiana and, we believe, in the Nation as a whole.

First, and I believe without question, the ability to define and implement employment and training programs and services must be moved from Federal to State jurisdiction. National policymakers are incapable of taking into account the needs and priorities of every single locality in the Nation when planning for such programs. Any bill passed into law must clearly and precisely define the roles and relationships between State and Federal Government. The Federal role should be specific and limited, as framed by the Constitution. The State role must be one of responsibility with authority. Inherent in the State role is the willingness to assume liability, yet the assumption of liability clearly demands that the authority be granted to State government to manage the program.

A new act, in the form of a block grant, must provide for permanent authorization and adequate resources to create an atmosphere of stability, a characteristic which has sometimes been lacking in the current program. We estimate that a funding level such as Senator Quayle has suggested in his bill for fiscal year 1983 would assure an adequate level for a national program. The act must be foward funded with obligated funds available for expenditure for a three-year period. The transition period from the current program to a new one should not exceed 1 year. Adequate funds must be available to assure a smooth transition. The Governor should be given flexibility to conclude transition any time during that 1-year period if it seems obvious to do so.

Funds should be allocated to the State, with the State required to develop and publicize formulas for distribution of funds to local service areas. Such formulas will assure that resources and services will be provided equitably throughout the State.

There should be no specific allowance of funds within the national legislation for any specific group such as youth or dislocated workers. A flexible program will permit the provision of both remedial and preventative services for youth and will allow us to meet the concerns of all persons truly in need.

In addition to direct training dollars, there should be funds available, such as Governor's Discretionary Funds included in the Quayle bill, and funds which allow for the development of linkages between employment and training agencies, educational agencies and economic development agencies.

The responsibilities which must rest with the State are those for planning, determination of service delivery and service mix, program design, and fiscal and administrative accountability.

Statewide planning should be conducted by the Governor with the aid of a State private sector-dominated council. This council should work in conjunction and collaboration with the Governor's office and the statewide service provider agencies. The State administrative unit should develop the fiscal and recordkeeping procedures required by the Federal grant agency and should also establish the fiscal procedures for the local delivery recipients.

Local planning should be done by local private sector-dominated councils which have representation from local elected officials. The membership of these councils should be determined by the Governor with the advice of chief elected local officials and appropriate private sector orgnizations. The Governor should set parameters for planning which meet overall State needs. The local private sector-dominated councils would submit local plans developed for the Governor's approval. The State would be responsible for developing an appeal process when disputes arise.

Service delivery areas should reflect local labor market areas and must be determined at the State level, not the Federal. The Governor, with cooperation of councils, would select appropriate service deliverers for each service delivery area.

Program design should be worked out by the councils and the delivery agents. They should follow the general guidelines of no mandatory wages, stipends or allowances. Some form of employability development must be provided for each client which allows for the proper mix of services for that individual.

Eligibility of clients for programs should be based on parameters determined by each Governor, with the advice of his State council. Individual participant eligibility should be determined by trained staff at the local level, as is allowed in the Vocational Rehabilitation Act of 1973. The procedure in that act has been remarkably effective.

Administration of the programs must remain separate from the planning function. In areas of over 500,000 population, one or more local elected officials should automatically have the option to determine the program administration.

Performance indicators should be established at the Federal level and should be sensitive to the diversity of economic and demographic conditions throughout the Nation. The State can then establish standards to measure the performance. The State must satisfy itself that its efforts are responsive to the needs as determined by the Governor, with the advice of a State private sector-dominated council.

We believe that youth performance standards should reflect local needs. For example, the most effective criteria for school-aged youth would emphasize increased educational opportunities, competency and completion of school, rather than the number of job placements as a measure of success. Performance bonuses are unnecessary since all States should be expected to perform in a superior manner without incentives to do better.

We accept and approve of the emphasis being given to integrate the various employment and training programs, if the service delivery areas and planning requirements are as we have suggested. However, collaboration is an interpersonal and dynamic process which requires the cooperation and good will of all parties involved and cannot be mandated.

Allow me to point to the fact that we have five agencies in the State of Indiana that are working closely together on our programs as they now exist.

We would, therefore, suggest that any new legislation allow for the coordination of the advisory council-type functions currently existing, and that State and local areas be permitted the regulatory flexibility to integrate planning and/or service delivery functions as it becomes advisable.

In addition to the State's willingness and desire to be accountable for performance, program design, et cetera, the State should also have the responsibility for fiscal and administrative accountability. While there is a limited Federal responsibility for insuring some fiscal audit functions and some limited review of program effectiveness, the States must assure, through already established agencies and systems, that adequate safeguards are in place to protect dollars, program integrity and individual citizens' rights.

There may exist needs which, by their nature, are most appropriately a national responsibility and can best be served by national programs. I have in mind such programs as the migrant and seasonal farmworker programs and the collection and dissemination of labor market statistics. However, I would recommend a careful evaluation of the need for a national program. I would strongly suggest that a lower percentage of resources be allocated for those programs and only for those found to be truly necessary.

A final word about national roles and responsibilities. Whatever the content of the act finally agreed upon by Congress, please guard against the unfortunate tendency for later confusing regulations to be used to modify your clear intent.

In conclusion, the States and their local constituents are asking for the opportunity to perform a function which has proven to be sometimes quite difficult for the Federal Government. States can perform these training functions more effectively and for less cost than has ever been done before. To accomplish this task, however, each level of responsibility must be allowed to carry out those functions for which it is best suited and to be guaranteed that its role will remain stable, consistent and respected by other levels involved.

The State must have flexibility, responsibility and authority, or we cannot be expected to accept the liabilities.

I thank you, Mr. Chairman, for the opportunity to provide this testimony.

Representative **Hawkins**. Thank you, Governor.

May I apologize to you and to Senator Quayle. It was the Chair's intent to call on Senator Quayle to introduce you. I know that he would have done a much better job than I did.

Senator Quayle, would you like to make a comment at this point?

Senator **Quayle**. I don't think the Governor needs any further introduction, particularly after that fine testimony. He is a very capable and hard-working Governor of the State of Indiana, and one with a very outstanding business background. Now, in public service, he understands the partnership that we are all trying to achieve in this training program. In the questions and answers, I am sure that you will be hearing from him and others on how to get this partnership that we are so fervently striving to achieve.

Representative **Hawkins**. Thank you.

Senator **Quayle**. Welcome, Governor Orr.

Governor **Orr**. Thank you, sir.

[The prepared statement of Governor Orr follows:]

TESTIMONY OF ROBERT D. ORR

GOVERNOR OF INDIANA

JOINT HEARINGS ON EMPLOYMENT AND TRAINING POLICY

BEFORE THE

SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

AND THE

HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

MARCH 15 - 18, 1982

WASHINGTON, D.C.

Our nation faces a challenge -- the challenge of reviving a flagging economy and providing jobs for its citizens. No state in the Union is more aware of the overwhelming importance of meeting this challenge than Indiana. No state in the country is more prepared to meet this challenge than Indiana.

In Indiana, we are actively involved in stimulating the growth and expansion of business and industry. We seek to insure a quality, trained work-force to meet the needs generated by an expanding economy. We are deeply involved in determining methods by which our four main employment and training agencies, the Indiana Office of Occupational Development, the Indiana Rehabilitation Services Agency, the State Board of Vocational and Technical Education and the Indiana Employment Security Division, will accomplish this goal.

A state vocational education, training and employment policy has recently been developed with cooperation from the Indiana Department of Commerce. Within this policy clearcut, common goals and responsibilities have been established. The policy provides a foundation for the use of state and local resources as they apply to economic revitalization and the development of Indiana's human resources.

Although Indiana will use all available federal assistance in the delivery of vocational education, training and employment services, the application of these federal resources and the criteria for their use is not a governing condition of this policy.

To continue our work in Indiana, the cooperation of the federal government nonetheless becomes essential. Without an employment and training act which provides the flexibility and clarity of purpose to integrate with our ongoing activities, the efforts required of the citizens of Indiana to meet that previously mentioned challenge will be much greater.

After consultation with my staff and input from various advisory bodies in the state, we have developed a list of criteria which must be met to insure an employment and training act capable of meeting the challenge in Indiana and, we believe, in the nation as a whole.

First, and I believe without question, the ability to define and implement employment and training programs and services must be moved from federal to state jurisdiction. National policymakers are incapable of taking into account the needs and priorities of every single locality in the nation when planning for such programs. Any bill passed into law must clearly and precisely define the roles and relationships between state and federal government. The federal role should be specific and limited, as framed by the Constitution. The state role must be one of responsibility with authority. Inherent in the state role is the willingness to assume liability, yet the assumption of liability clearly demands that the authority be granted to state government to manage the program.

A new act, in the form of a block grant, must provide for permanent authorization and adequate resources to create an atmosphere of stability, a characteristic which has been lacking in the current program. We estimate that a funding level such as Senator Quayle has suggested in his bill for fiscal year 1983 would assure an adequate level for a national program. The act must be forward funded with obligated funds available for expenditure for a three-year period. The transition period from the current program to a new one should not exceed one year. Adequate funds must be available to assure a smooth transition. The governor should be given flexibility to conclude transition any time during that one-year period.

Funds should be allocated to the state, with the state required to develop and publicize formulas for distribution of funds to local service areas.

Such formulas will assure that resources and services will be provided equitably throughout the state.

There should be no specific allowance of funds within the national legislation for any specific group such as youth or dislocated workers. A flexible program will permit the provision of both remedial and preventative services for youth and will allow us to meet the concerns of all persons truly in need.

In addition to direct training dollars, there should be funds available, such as the Governor's Discretionary Funds included in the Quayle bill, and funds which allow for the development of linkages between employment and training agencies, educational agencies and economic development agencies.

The responsibilities which must rest with the state are those for planning, determination of service delivery and service mix, program design, and fiscal and administrative accountability.

Statewide planning should be conducted by the governor with the aid of a state private sector-dominated council. This council should work in conjunction and collaboration with the governor's office and the statewide service provider agencies. The state administrative unit should develop the fiscal and record keeping procedures required by the federal grant agency and should also establish the fiscal procedures for the local delivery recipients.

Local planning should be done by local private sector-dominated councils which have representation from local elected officials. The membership of these councils should be determined by the governor with the advice of chief elected local officials and appropriate private sector organizations. The governor should set parameters for planning which meet overall state needs. The local private sector-dominated councils would submit local plans developed for the governor's approval. The state would be responsible for developing an appeal process to be used when disputes arise.

Service delivery areas should reflect local labor market areas and must be determined at the state level, not the federal. The governor, with cooperation of councils, would select appropriate service deliverers for each service delivery area.

Program design should be worked out by the councils and the delivery agents. They should follow the general guidelines of no mandatory wages, stipends, or allowances. Some form of employability development must be provided for each client which allows for the proper mix of services for that individual.

Eligibility of clients for programs should be based on parameters determined by each governor, with the advice of his state council. Individual participant eligibility should be determined by trained staff at the local level, as is allowed in the Vocational Rehabilitation Act of 1973. The procedure in that Act has been remarkably effective.

Administration of the programs must remain separate from the planning function. In areas of over 500,000 population one or more local elected officials should automatically have the option to determine the program administration.

Performance indicators should be established at the federal level and should be sensitive to the diversity of economic and demographic conditions throughout the nation. The state can then establish standards to measure the performance. The state must satisfy itself that its efforts are responsive to the needs as determined by the governor, with the advice of a state private sector-dominated council.

We believe that youth performance standards should reflect local needs. For example, the most effective criteria for school-aged youth would emphasize ncreased educational opportunities, competency and completion of school, rather han the number of job placements as a measure of success. Performance bonuses re unnecessary since all states should be expected to perform in a superior ner without incentives to do better.

We accept and approve of the emphasis being given to integrate the various employment and training programs, if the service delivery areas and planning requirements are as we have suggested. However, collaboration is an interpersonal and dynamic process which requires the cooperation and goodwill of all parties involved and cannot be mandated. We would therefore suggest that any new legislation allow for the coordination of the advisory council-type functions currently existing, and that state and local areas be permitted the regulatory flexibility to integrate planning and/or service delivery functions as it becomes advisable.

In addition to the state's willingness and desire to be accountable for performance, program design, etc., the state should also have the responsibility for fiscal and administrative accountability. While there is a limited federal responsibility for insuring some fiscal audit functions and some limited review of program effectiveness, the states must assure, through already established agencies and systems, that adequate safeguards are in place to protect dollars, program integrity and individual citizens' rights.

There may exist needs which by their nature are most appropriately a national responsibility and can best be served by national programs. I have in mind such programs as the migrant and seasonal farmworker programs and the collection and dissemination of labor market statistics. However, I would recommend a careful evaluation of the need for national programs. I would strongly suggest that a lower percentage of resources be allocated for those programs and only for those found to be truly necessary.

A final word about national roles and responsibilities. Whatever the content of the act finally agreed upon by Congress, please guard against the unfortunate tendency for later confusing regulations to be used to modify your clear intent.

In conclusion, the states and their local constituents are asking for the opportunity to perform a function which has proven to be difficult for the federal government. States can perform these training functions more effectively and for less cost than has ever been done before. To accomplish this task, however, each level of responsibility must be allowed to carry out those functions for which it is best suited and to be guaranteed that its role will remain stable, consistent and respected by the other levels involved.

The state must have flexibility, responsibility and authority, or we cannot be expected to accept the liabilities.

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Representative HAWKINS. The Chair would like to yield now to Mr. Corrada to make the next introduction.

Representative CORRADA. Chairman Quayle, Chairman Hawkins, I am pleased to be able to welcome the Governor of Puerto Rico, Carlos Romero-Barcelo. As the chief executive of an island of 3.2 million American citizens, Governor Romero has certainly had cause to become familiar with the needs for employment in our area and the Nation as a whole.

With the help of CETA, he has seen in the past a reduction in the unemployment rate on the island from over 21 percent in 1977, when he became Governor, to 17 percent in 1980, a reduction achieved by the cooperation of State-based economic development in the private sector and Federal programs.

Sadly, with the demise of the public service employment component of CETA, he lost 25,000 jobs in Puerto Rico, leading to a rising spiral of unemployment back to today's level of 22.1 percent.

The Governor is actively working to turn back this upward trend, but it is a difficult task in a slowing economy, for unemployment opportunities are becoming more and more technically oriented and out of reach of the low-income, poorly educated worker.

This is not the first time that Congress has heard from Governor Romero on the subject of employment programs. Last year, he presented testimony before the Senate on behalf of the National Governors' Association, as he had previously when he was president of the National League of Cities in 1975 as mayor of the city of San Juan.

Governor Romero is no stranger to employment training legislation, and I am sure that his contribution to our hearings will be a positive step in the formulation of a national policy on this issue.

Thank you, Mr. Chairman.

Representative HAWKINS. Thank you.

Governor Romero.

Governor ROMERO-BARCELO. Thank you, Mr. Chairman, Senator Quayle, members of the subcommittees. I thank you for the opportunity to testify here before you. I also want to join Governor Du Pont in commending you, Mr. Chairman, Mr. Jeffords, and Senator Quayle, for the interest that you have taken in solving this very difficult and serious problem throughout the Nation, and, particularly, for those areas which have exceeding high unemployment rates like we do in Puerto Rico.

As Mr. Corrada indicated, I have testified on behalf of the National Governors' Association before the Senate Subcommittee on Employment and Productivity. Today, I am testifying here on my own behalf as the Governor of Puerto Rico and on behalf of our people.

We would like to point out—I would like to ask Senator Quayle, particularly—as we examine all the legislation that has been proposed, for some reason or other, the bill proposed by Senator Quayle has a set-aside for Puerto Rico. Therefore, we are treated differently than the rest of the Nation, and the U.S. citizens of Puerto Rico are not receiving the same participation in that bill that they are receiving in the other bills and as we have received in the past. I would beseech the Senator to review this aspect of his legislation so that the U.S. citizens of Puerto Rico are treated the same as throughout the Nation.

Puerto Rico has a very serious unemployment problem. It arises from its population density, which is 15 times greater than the national average. We have no mineral resources and, therefore, we receive no income from mineral resources.

Our development as a modern industrial society began only a few decades ago, and because we must import by sea, a substantial amount of the goods we consume—our cost of living is higher than the national average.

So, it is that economically, particularly in terms of employment, we in Puerto Rico confront challenges greater than those of our fellow citizens in the 50 States.

The productivity, the dedication, the stability of the Puerto Rican workers are outstanding. Hundreds of American manufacturers, and growing numbers of foreign manufacturers, operate successfully in Puerto Rico, and their executives freely acknowledge that the quality and stability of our labor force is a principal reason for that success.

Nevertheless, full employment for Puerto Rico's large and disproportionately youthful population remains an objective still beyond our reach.

Federal employment and training programs must, therefore, play an important role in our drive for ever greater self-sufficiency. And it is for this reason that I welcome the opportunity to express my views on the Productivity and Human Investment Act, the Training for Jobs Act, and the other bills presented in the Congress.

Our very high population density, over 900 persons per square mile—to give you an idea, that would be like putting the population of the world, by the 1970 census, within the United States, and we would have about 1,000 people per square mile—poses Puerto Rico's principal economic problem. Yet, in terms of our resources, our people also constitute Puerto Rico's principal asset. Over the past decade, the Comprehensive Employment and Training Act assisted us greatly in developing these human resources.

Today, however, CETA and numerous other Federal programs are being reduced or eliminated; and together with the current recession, this has had a severe impact on Puerto Rico, as demonstrated by our unemployment rate which rose 2 months ago to 22.4 percent, and the latest report shows 22.1 percent. Unemployment is our most serious and painful problem, a problem which I am constantly working to alleviate.

The bills under discussion today can help to remedy that situation. And as they benefit the people of our island, this, in turn, will directly or indirectly benefit the States which you and your congressional colleagues represent.

Let me explain.

If employment opportunities in Puerto Rico do not increase significantly, it is inevitable that greater numbers of our people will move to the mainland in search of work. Although an upsurge in migration of this kind would relieve to some extent the burden now being borne by municipal and State governments in Puerto Rico, it would correspondingly increase the burdens of municipal and State governments on the mainland, in terms of housing, schools, social services, competition for jobs, just to name a few.

Naturally, most Puerto Ricans would prefer to remain at home. If Puerto Rico is incorporated fully and equally into an effective national employment and training program, I am confident that we can deal with the situation right there on the island. But I must underscore the importance of full and equal treatment, because I regret to say that the Federal Government's record in this regard has never been consistent.

I shall return to that point in a few moments. But first, there are several observations I would like to make concerning other aspects on the subject.

One involves the concept of "urban enterprise zones." With respect to legislative proposals on this topic, we urge that congressional action to create such zones be undertaken only after thorough studies are conducted to insure its harmonious relationship to, and overall coordination with, the formulation of a cohesive national employment and training policy. The same principle should apply to other initiatives of a similar nature. To enact bills of this kind on an ad hoc basis without adequate analysis of their impact on the broader policy picture could introduce cross-currents whose consequences might prove counterproductive.

We also feel that emphasis should be placed on the labor force needs of new industries, particularly emerging high-technology industries, because these offer especially attractive prospects for rapid growth and resistance to recession.

A successful program must likewise recognize the need to protect the occupationally disadvantaged. Examples include migrant workers, refugees, the physically handicapped, and persons with limited proficiency in English. In this category, I would also include the victims of disproportionately severe economic declines occurring in specific industries, such as the auto or construction industries, or specific communities, such as Michigan and Puerto Rico.

With respect to the implementation of a national employment and training policy, every effort should be made to channel programs through the existing State government agencies. Maximum flexibility and local accountability are the key elements here. At the State level, priorities can be set, objectives determined and resources allocated in accordance with the labor market demands and growth characteristics of particular economic and geographical sectors. For this reason, any block grant approach should stress the importance of State direction at the executive level.

Many States have administrations or agencies such as we have in Puerto Rico that have the experience and knowledge to deal with employment programs. Within our Labor and Human Resources Department, we have the Right-to-Work Administration which has handled these programs before, and has the capability to do a much better job than it would if it were put now in different hands.

In structuring operational plans for the delivery and employment and training services, emphasis should be placed on encouraging a strong partnership between State governments and the business sector. Indeed, at both the State and local levels, we believe the business community should play an important role and be entrusted with a significant share of responsibility.

This is not to say, however, that Government should abdicate its control and oversight responsibilities. We are responsible at State levels, we should have the authority. For instance, industry councils or boards should not be designated as administrative or operational planning agencies. Nowadays, generally speaking, local governing bodies possess the organizational response capability necessary to meet the technical demands, both of program management and the assessment of community needs. For this reason it is sufficient that employment and training programs be planned in partnership with the business and industrial community.

By contrast, the outright delegation of administrative responsibility to business-dominated boards or councils could lead to unrealistic performance standards and a failure to deliver services in a manner which best meets the needs of a community.

I would like to give an example. Where a business might be interested in expansion, it is certainly not interested in competition. We could use job programs to stimulate new businesses or new industries being established in a given area. In there we would have some resistance from the already established business and industries.

The ideal mechanism, therefore, is one which maintains control in the hands of the public sector, but which insures maximum cooperation between the public and private sectors for the mutual benefit of all.

My last general comment involves the question of assessment and evaluation of training activities and their various program components. We recognize the usefulness, as well as the necessity, of such efforts. Consequently, we fully support the establishment of national performance standards, so long as Governors are granted an adequate measure of flexibility to permit them to prescribe variations which take into account the economic and social conditions prevailing in individual areas. For example, criteria measuring increased earnings must take into account local variations in wages and the availability of private sector jobs.

Finally, I note with satisfaction that the proposed legislation acknowledges the special difficulties confronted by young people who lack the skills provided through general or vocational training and education. We have a compelling interest in this area, because the mean age of our population is far lower than the national average, with the result that Puerto Rico's unemployment rate among the young is distressingly much higher than the overall employment rate. We, therefore, acknowledge the need to establish competency standards for youth, developed through cooperation between State and local entities, to promote the careful planning and coordination which will result in a productive statewide youth employability policy.

In conclusion, I want to reiterate and underscore the importance of guaranteeing all American citizens full and equal treatment under the national employment and training programs. Unequal treatment is both morally wrong and counterproductive. As I noted a few moments ago, it is counterproductive because its effect is simply to transfer the problem from one jurisdiction to another, as in the case of Puerto Ricans migrating to the mainland. Yet, precisely this outcome would be stimulated by some of the bills before us.

With its provision of a 2-percent set-aside for Puerto Rico, instead of full participation on the same terms as the States, this measure both invites socioeconomic dislocation—because it would deny Puerto Rico the resources required to meet the needs of our population—and also flatly contradicts the spirit of President Reagan's recent reaffirmation of support for Puerto Rico statehood.

We in Puerto Rico must attend to the needs of a disproportionately large share of our Nation's disadvantaged citizens. Moreover, we must do it at a moment in history when funding levels for CETA programs have fallen from $238 million in 1980 to just $72 million in fiscal year 1982. During only the past 2 years, we have experienced in Puerto Rico the loss of 25,000 public sector jobs as a result of CETA cuts alone. That is over 2 percent of our unemployment rate.

It is in this context that I renew my appeal, not for preferential treatment, but for equal treatment, in the application of Puerto Rico of programs to be contained in national employment and training legislation.

Otherwise, with the exceptions that I have indicated, I am basically in agreement with the legislative proposals under consideration by your subcommittees. Thank you for granting us this opportunity to express my views.

Representative **Hawkins**. Thank you, Governor.

[The prepared statement of Governor Romero-Barcelo follows:]

TESTIMONY OF THE
HONORABLE CARLOS ROMERO-BARCELO
GOVERNOR OF PUERTO RICO

DELIVERED BEFORE THE
SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
AND THE
HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

WASHINGTON, D. C.
MARCH 16, 1982

MISTER CHAIRMAN AND MEMBERS OF THESE SUBCOMMITTEES:

LAST YEAR I APPEARED BEFORE THE SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY. THEN AS NOW, THE TOPIC WAS EMPLOYMENT AND TRAINING PROGRAMS. THE LAST TIME, HOWEVER, I SPOKE ON BEHALF OF THE NATIONAL GOVERNORS' ASSOCIATION AND AS CHAIRMAN OF THE SOUTHERN GOVERNORS' ASSOCIATION. THIS TIME I ADDRESS YOU EXCLUSIVELY IN MY CAPACITY AS GOVERNOR OF PUERTO RICO.

THE CONCERNS I REPRESENT HERE TODAY ARE THE CONCERNS OF A COMMUNITY OF OVER THREE MILLION AMERICAN CITIZENS. PUERTO RICO HAS A POPULATION DENSITY FIFTEEN TIMES GREATER THAN THE NATIONAL AVERAGE: WE RECEIVE NO INCOME FROM THE EXPLOITATION OF MINERAL RESOURCES: OUR DEVELOPMENT AS A MODERN INDUSTRIAL SOCIETY BEGAN ONLY A FEW DECADES AGO: AND BECAUSE WE MUST IMPORT BY SEA, A SUBSTANTIAL AMOUNT OF THE GOODS WE CONSUME, OUR COST OF LIVING IS HIGHER THAN THE NATIONAL AVERAGE.

SO IT IS THAT ECONOMICALLY--AND PARTICULARLY IN TERMS OF EMPLOYMENT--WE IN PUERTO RICO CONFRONT CHALLENGES GREATER THAN THOSE OF OUR FELLOW CITIZENS IN THE FIFTY STATES.

THE PRODUCTIVITY, DEDICATION, AND STABILITY OF PUERTO RICAN WORKERS ARE OUTSTANDING. HUNDREDS OF AMERICAN MANUFACTURERS, AND GROWING NUMBERS OF FOREIGN MANUFACTURERS, OPERATE SUCCESSFULLY IN PUERTO RICO, AND THEIR EXECUTIVES FREELY ACKNOWLEDGE THAT THE QUALITY AND STABILITY OF OUR LABOR FORCE IS A PRINCIPAL REASON FOR THAT SUCCESS.

NEVERTHELESS, FULL EMPLOYMENT FOR PUERTO RICO'S LARGE, AND DISPROPORTIONATELY YOUTHFUL, POPULATION REMAINS AN OBJECTIVE STILL BEYOND OUR REACH.

FEDERAL EMPLOYMENT AND TRAINING PROGRAMS MUST THEREFORE PLAY AN IMPORTANT ROLE IN OUR DRIVE FOR EVER-GREATER SELF-SUFFICIENCY. AND IT IS FOR THIS REASON THAT I WELCOME THE OPPORTUNITY TO EXPRESS MY VIEWS ON THE PRODUCTIVITY AND HUMAN INVESTMENT ACT (H.R. 5461), AND THE TRAINING FOR JOBS ACT (S. 2036).

OUR VERY HIGH POPULATION DENSITY, OVER 900/SQ. MILE, POSES PUERTO RICO'S PRINCIPAL ECONOMIC PROBLEM. YET IN TERMS OF OUR RESOURCES, OUR PEOPLE ALSO CONSTITUTE PUERTO RICO'S PRINCIPAL ASSET. OVER THE PAST DECADE, THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT ASSISTED US GREATLY IN DEVELOPING THESE HUMAN RESOURCES. TODAY, HOWEVER, "CETA" AND NUMEROUS OTHER FEDERAL PROGRAMS ARE BEING REDUCED OR ELIMINATED; AND TOGETHER WITH THE CURRENT RECESSION, THIS HAS HAD A SEVERE IMPACT ON PUERTO RICO, AS DEMONSTRATED BY OUR UNEMPLOYMENT RATE, WHICH ROSE TWO MONTHS AGO TO 22.4% AND THE LATEST REPORT SHOWS 22.1%. UNEMPLOYMENT IS OUR MOST SERIOUS AND PAINFUL PROBLEM. A PROBLEM WHICH I AM CONSTANTLY WORKING TO ALLEVIATE.

THE BILLS UNDER DISCUSSION TODAY CAN HELP TO REMEDY THAT SITUATION. AND AS THEY BENEFIT THE PEOPLE OF OUR ISLAND, THIS IN TURN WILL DIRECTLY OR INDIRECTLY BENEFIT

THE STATES WHICH YOU AND YOUR CONGRESSIONAL COLLEAGUES REPRESENT.

LET ME EXPLAIN.

IF EMPLOYMENT OPPORTUNITIES IN PUERTO RICO DO NOT INCREASE SIGNIFICANTLY, IT IS INEVITABLE THAT GREATER NUMBERS OF OUR PEOPLE WILL MOVE TO THE MAINLAND IN SEARCH OF WORK. ALTHOUGH AN UPSURGE IN MIGRATION OF THIS KIND WOULD RELIEVE TO SOME EXTENT THE BURDEN NOW BEING BORNE BY MUNICIPAL AND STATE GOVERNMENT IN PUERTO RICO, IT WOULD CORRESPONDINGLY INCREASE THE BURDENS OF MUNICIPAL AND STATE GOVERNMENTS UP HERE: IN TERMS OF HOUSING, SCHOOLS, SOCIAL SERVICES, AND COMPETITION FOR JOBS, TO NAME JUST A FEW.

NATURALLY, MOST PUERTO RICANS WOULD PREFER TO REMAIN AT HOME, AND IF PUERTO RICO IS INCORPORATED FULLY AND EQUALLY INTO AN EFFECTIVE NATIONAL EMPLOYMENT AND TRAINING PROGRAM, I AM CONFIDENT THAT WE CAN DEAL WITH THE SITUATION RIGHT THERE ON THE ISLAND. BUT I MUST UNDERSCORE THE IMPORTANCE OF FULL AND EQUAL TREATMENT, BECAUSE I REGRET TO SAY THAT THE FEDERAL GOVERNMENT'S RECORD IN THIS REGARD HAS NEVER BEEN CONSISTENT.

I SHALL RETURN TO THAT POINT IN A FEW MOMENTS. BUT FIRST, THERE ARE SEVERAL OBSERVATIONS I WOULD LIKE TO MAKE, CONCERNING OTHER ASPECTS OF THE SUBJECT.

ONE INVOLVES THE CONCEPT OF "URBAN ENTERPRISE ZONES". WITH RESPECT TO LEGISLATIVE PROPOSALS ON THIS TOPIC, WE URGE

THAT CONGRESSIONAL ACTION TO CREATE SUCH ZONES BE UNDERTAKEN ONLY AFTER THOROUGH STUDIES ARE CONDUCTED TO ENSURE ITS HARMONIOUS RELATIONSHIP TO, AND OVERALL COORDINATION WITH, THE FORMULATION OF A COHESIVE NATIONAL EMPLOYMENT AND TRAINING POLICY. AND THE SAME PRINCIPLE SHOULD APPLY TO OTHER INITIATIVES OF A SIMILAR NATURE. TO ENACT BILLS OF THIS KIND ON AN "AD HOC" BASIS, WITHOUT ADEQUATE ANALYSIS OF THEIR IMPACT ON THE BROADER POLICY PICTURE, COULD INTRODUCE CROSS-CURRENTS WHOSE CONSEQUENCES MIGHT PROVE CONTERPRODUCTIVE.

WE ALSO FEEL THAT EMPHASIS SHOULD BE PLACED ON THE LABOR FORCE NEEDS OF NEW INDUSTRIES, PARTICULARLY EMERGING HIGH-TECHNOLOGY INDUSTRIES, BECAUSE THESE OFFER ESPECIALLY ATTRACTIVE PROSPECTS FOR RAPID GROWTH AND RESISTANCE TO RECESSION.

A SUCCESSFUL PROGRAM MUST LIKEWISE RECOGNIZE THE NEED TO PROTECT THE OCCUPATIONALLY DISADVANTAGED. EXAMPLES INCLUDE MIGRANT WORKERS, REFUGEES, THE PHYSICALLY HANDICAPPED, AND PERSONS WITH LIMITED PROFICIENCY IN ENGLISH. IN THIS CATEGORY, I WOULD ALSO INCLUDE THE VICTIMS OF DISPROPORTIONATELY SEVERE ECONOMIC DECLINES, OCCURING IN SPECIFIC INDUSTRIES, SUCH AS THE AUTO OR CONSTRUCTION INDUSTRIES, OR SPECIFIC COMMUNITIES, SUCH AS MICHIGAN AND PUERTO RICO.

WITH RESPECT TO THE IMPLEMENTATION OF A NATIONAL EMPLOYMENT AND TRAINING POLICY, EVERY EFFORT SHOULD BE MADE TO CHANNEL PROGRAMS THROUGH THE EXISTING STATE GOVERNMENT

AGENCIES. MAXIMUM FLEXIBILITY AND LOCAL ACCOUNTABILITY ARE THE KEY ELEMENTS HERE. AT THE STATE LEVEL, PRIORITIES CAN BE SET, OBJECTIVES, DETERMINED, AND RESOURCES ALLOCATED, IN ACCORDANCE WITH THE LABOR MARKET DEMANDS AND GROWTH CHARACTERISTICS OF PARTICULAR ECONOMIC AND GEOGRAPHICAL SECTORS. FOR THIS REASON, ANY BLOCK GRANT APPROACH SHOULD STRESS THE IMPORTANCE OF STATE DIRECTION AT THE EXECUTIVE LEVEL.

IN STRUCTURING OPERATIONAL PLANS FOR THE DELIVERY OF EMPLOYMENT AND TRAINING SERVICES, EMPHASIS SHOULD BE PLACED ON ENCOURAGING A STRONG PARTNERSHIP BETWEEN STATE GOVERNMENTS AND THE BUSINESS SECTOR. INDEED, AT BOTH THE STATE AND LOCAL LEVELS, WE BELIEVE THE BUSINESS COMMUNITY SHOULD PLAY AN IMPORTANT ROLE AND BE ENTRUSTED WITH A SIGNIFICANT SHARE OF RESPONSIBILITY. THIS IS NOT TO SAY, HOWEVER, THAT GOVERNMENT SHOULD ABDICATE ITS CONTROL AND OVERSIGHT RESPONSIBILITIES. FOR INSTANCE, INDUSTRY COUNCILS OR BOARDS SHOULD NOT BE DESIGNATED AS ADMINISTRATIVE OR OPERATIONAL PLANNING AGENTS. NOWADAYS, GENERALLY SPEAKING, LOCAL GOVERNING BODIES POSSESS THE ORGANIZATIONAL RESPONSE CAPABILITY NECESSARY TO MEET THE TECHNICAL DEMANDS BOTH OF PROGRAM MANAGEMENT AND THE ASSESSMENT OF COMMUNITY NEEDS. FOR THIS REASON, IT IS SUFFICIENT THAT EMPLOYMENT AND TRAINING PROGRAMS BE PLANNED IN PARTNERSHIP WITH THE BUSINESS AND INDUSTRIAL COMMUNITY. BY CONTRAST, THE

OUTRIGHT DELEGATION OF ADMINISTRATIVE RESPONSIBILITY TO BUSINESSDOMINATED BOARDS OR COUNCILS, COULD LEAD TO UNREALISTIC PERFORMANCE STANDARDS AND A FAILURE TO DELIVER SERVICES IN A MANNER WHICH BEST MEETS THE NEEDS OF THE COMMUNITY. THE IDEAL MECHANISM, THEREFORE, IS ONE WHICH MAINTAINS CONTROL IN THE HANDS OF THE PUBLIC SECTOR, BUT WHICH ENSURES MAXIMUM COOPERATION BETWEEN THE PUBLIC AND PRIVATE SECTORS, FOR THE MUTUAL BENEFIT OF ALL.

MY LAST GENERAL COMMENT INVOLVES THE QUESTION OF ASSESSMENT AND EVALUATION OF TRAINING ACTIVITIES AND THEIR VARIOUS PROGRAM COMPONENTS. WE RECOGNIZE THE USEFULNESS, AS WELL AS THE NECESSITY, OF SUCH EFFORTS. CONSEQUENTLY, WE FULLY SUPPORT THE ESTABLISHMENT OF NATIONAL PERFORMANCE STANDARDS, SO LONG AS GOVERNORS ARE GRANTED AN ADEQUATE MEASURE OF FLEXIBILITY TO PERMIT THEM TO PRESCRIBE VARIATIONS WHICH TAKE INTO ACCOUNT THE ECONOMIC AND SOCIAL CONDITIONS PREVAILING IN INDIVIDUAL DELIVERY AREAS. FOR EXAMPLE, CRITERIA MEASURING INCREASED EARNINGS MUST TAKE INTO ACCOUNT LOCAL VARIATIONS IN WAGES, AND IN THE AVAILABILITY OF PRIVATE SECTOR JOBS.

FINALLY, I NOTE WITH SATISFACTION THAT THE PROPOSED LEGISLATION ACKNOWLEDGES THE SPECIAL DIFFICULTIES CONFRONTED BY YOUNG PEOPLE WHO LACK THE SKILLS PROVIDED THROUGH GENERAL OR VOCATIONAL TRAINING AND EDUCATION. WE HAVE A COMPELLING INTEREST IN THIS AREA, BECAUSE THE MEAN AGE OF OUR POPULATION IS FAR LOWER THAN THE NATIONAL AVERAGE, WITH THE RESULT THAT

PUERTO RICO'S UNEMPLOYMENT RATE AMONG THE YOUNG IS DISTRESSINGLY MUCH HIGHER THAN THE OVERALL UNEMPLOYMENT RATE. WE THEREFORE ACKNOWLEDGE THE NEED TO ESTABLISH COMPETENCY STANDARDS FOR YOUTH, DEVELOPED THROUGH COOPERATION BETWEEN STATE AND LOCAL ENTITIES, TO PROMOTE THE CAREFUL PLANNING AND COORDINATION WHICH WILL RESULT IN A PRODUCTIVE STATEWIDE YOUTH EMPLOYABILITY POLICY.

IN CONCLUSION, I WANT TO REITERATE AND UNDERSCORE THE IMPORTANCE OF GUARANTEEING ALL AMERICAN CITIZENS FULL AND EQUAL TREATMENT UNDER THE NATIONAL EMPLOYMENT AND TRAINING PROGRAMS. UNEQUAL TREATMENT IS BOTH MORALLY WRONG AND COUNTERPRODUCTIVE. AS I NOTED A FEW MOMENTS AGO, IT IS COUNTERPRODUCTIVE BECAUSE ITS EFFECT IS SIMPLY TO TRANSFER THE PROBLEM FROM ONE JURISDICTION TO ANOTHER, AS IN THE CASE OF PUERTO RICANS MIGRATING TO THE MAINLAND. YET PRECISELY THIS OUTCOME WOULD BE STIMULATED BY THE SENATE BILL NOW BEFORE US. WITH ITS PROVISION OF A TWO PERCENT "SET ASIDE" FOR PUERTO RICO, INSTEAD OF FULL PARTICIPATION ON THE SAME TERMS AS THE STATES, THIS MEASURE BOTH INVITES SOCIOECONOMIC DISLOCATION--BECAUSE IT WOULD DENY PUERTO RICO THE RESOURCES REQUIRED TO MEET THE NEEDS OF OUR POPULATION--AND ALSO FLATLY CONTRADICTS THE SPIRIT OF PRESIDENT REAGAN'S RECENT REAFFIRMATION OF SUPPORT FOR PUERTO RICO STATEHOOD.

WE IN PUERTO RICO MUST ATTEND TO THE NEEDS OF A

DISPROPORTIONATELY LARGE SHARE OF OUR NATION'S DISADVANTAGED CITIZENS. MOREOVER, WE MUST DO IT AT A MOMENT IN HISTORY WHEN FUNDING LEVELS FOR "CETA" PROGRAMS IN PUERTO RICO HAVE FALLEN FROM 238 MILLION DOLLARS IN 1980 TO JUST 72 MILLION DOLLARS IN FISCAL 1982. DURING ONLY THE PAST TWO YEARS, WE HAVE EXPERIENCED IN PUERTO RICO THE LOSS OF 25 THOUSAND PUBLIC SECTOR JOBS AS A RESULT OF "CETA" CUTS ALONE.

IT IS IN THIS CONTEXT THAT I RENEW MY APPEAL, NOT FOR PREFERENTIAL TREATMENT, BUT FOR EQUAL TREATMENT, IN THE APPLICATION TO PUERTO RICO OF PROGRAMS TO BE CONTAINED IN NATIONAL EMPLOYMENT AND TRAINING LEGISLATION.

OTHERWISE, HOWEVER, WITH THE EXCEPTIONS THAT I HAVE INDICATED, I AM BASICALLY IN AGREEMENT WITH THE LEGISLATIVE PROPOSALS UNDER CONSIDERATION BY YOUR SUBCOMMITTEES. THANK YOU FOR GRANTING ME THIS OPPORTUNITY TO EXPRESS MY VIEWS ON BEHALF OF THE PEOPLE OF PUERTO RICO.

Representative HAWKINS. The final witness is the Honorable Edward J. King, Governor of the State of Massachusetts.

Governor KING. Mr. Chairman, Senator Quayle, members of the subcommittees, we applaud you for having this legislation prepared and giving us the opportunity to be here with you today.

I am really a last-minute substitute for my secretary of economic affairs, who just simply could not be here this afternoon on the appointed hour.

I was elected Governor of Massachusetts with a mandate to limit State taxes by curtailing unnecessary State spending. To do this, I thought it was necessary to bring the discipline of private sector management techniques into the public sector. We have done that, and we have achieved some success.

In reviewing the four proposals before the committee today, I am pleased to note that each one of them emphasizes the role of the private sector in designing the training programs. After all, it is the private sector that has the jobs that we want. If the business community is not actively involved in the training programs, the graduates will have a much more difficult time finding employment.

The want to interest the private sector, as these proposed bills demonstate, is to give business a considerable voice in the design and the operation of the programs.

If I had to limit my contribution to this dialog to one, single idea, it would be this: Don't try to solve the entire problem of designing, targeting, and implementing an employment and training system here in Washington. Don't feel that the task of this committee must be to reach agreement down to the last detail on what each State's employment and training program must look like.

This committee should establish the broad parameters for program activity, with emphasis on the broad. It must be the responsibility of State and local government, together with the private sector, to design a specific approach tailored to an analysis of local problems.

For example, we agree that Federal training programs should be limited to the economically disadvantaged, but within that category the individual State may target services to AFDC recipients, ex-offenders, minorities, the handicapped, youth, and others.

Another example, and undoubtedly the most sensitive issue facing the committee, is the configuration of the sub-State employment and training system. We understand the 470 prime sponsors currently in existence, each of which has a unique direct partnership with the Department of Labor, are to be sure local officials are supportive of this system which bypasses the States altogether. But in an era of diminishing Federal resources, is this really the most efficient approach?

I believe I understand your concerns. You are trying to protect investments that have been made during nearly 10 years of the CETA program. You do not want to see the local planning capabilities scrapped in favor of some arbitrary State approach, too far removed from the people to be trained and the jobs to be filled.

An important distinction must be made here. When I argue for State administration of the training programs, I do not mean that the State will necessarily run the programs directly. I simply suggest that the dialog and decisionmaking regarding each State's employment and training system must involve the Governors, the local elected officials, and private sector representatives within the State. These are the people who can best determine whether a State requires 2 or 6 or 12 sub-State entities to deliver employment and training programs.

In Massachusetts, we are fortunate to have an organization—Jobs for Massachusetts is the name—which could be helpful. One of the programs Massachusetts has used successfully to move individuals from public assistance to economic self-sufficiency is the job clubs program. This program provides assistance to individuals in finding a job through job counseling, interview skills, and an intensive job search. Many of these people already have marketable skills, but need only to have their confidence strengthened, and they need assistance in knowing where to look for a job. In the cooperative atmosphere of a job club, recipients help each other with emotional support and advice.

More importantly, job clubs work. Of the 2,700 people who participated in job clubs in 1981, over 60 percent found permanent private sector jobs. The retention rate on those jobs is almost 90 percent.

In 1982, we hope to have 4,400 participants enrolled in the job clubs program, and an expansion of the present 26 job club offices. I am confident that we have significant checks and balances already in place at the State and local levels to insure a fair process.

Even if Governors wanted to abandon the investments that have been made in skill centers and other training resources, which they do not want to do, their local constituents should not and would not allow it.

If you, here in the Congress, establish the States as the primary level for design and implementation of the new job training program, you open the door to creative negotiation between State and local government. I believe my fellow Governors will be sensitive to labor market areas and prime sponsor performance under CETA. Actually, I am very confident that Governors will voluntarily adopt many of the same criteria for sub-State configuration outlined in the proposals. I really believe that the overall State outlook has many advantages.

We are all accustomed to great diversity in the private sector. In a very real sense, the diversity and complexity of the open market is the driving force behind America's creativity. Yet, so often, when it comes to intervening in the marketplace to accomplish legitimate goals, such as providing competitive skills for the economically disadvantaged, we come up with Federal initiatives that are singularly rigid and undiversified.

I prefer to envision a national employment and training policy targeted to the economically disadvantaged and implemented in each of the 50 States in a manner that is suited to each State. The balance of State, local, and private participation will reflect the diversity and chemistry of the 50 States. I see nothing to fear in this diversity, and it will be the cornerstone of a remarkable partnership.

Thank you.

Representative HAWKINS. Thank you, Governor.

Governor King. You are more than welcome.

[The prepared statement of Governor King follows:]

TESTIMONY OF
GOVERNOR EDWARD J. KING
COMMONWEALTH OF MASSACHUSETTS

BEFORE A JOINT SESSION OF
THE CONGRESS OF THE UNITED STATES
SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
and
HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

WASHINGTON, D.C.

For release on March 16, 1982

Senator Quayle, Congressman Hawkins, Members of the Joint Committee:

I am Edward J. King, Governor of the Commonwealth of Massachusetts. I am pleased to offer my ideas today on the development of a program to prepare our economically disadvantaged citizens for jobs in the private sector.

I was elected Governor of Massachusetts with a mandate to limit state taxes by curtailing unnecessary state spending. To do this, I have attempted to bring the discipline of private sector management techniques into the public sector. This has been a difficult task, but I believe the positive results are beginning to show. Our task at all levels of government is to increase public sector efficiency and reduce expenses to a minimum. We must make sure that every program funded by tax dollars is the best quality possible at reasonable cost.

Before I set out to define my position on the employment and training legislation, I'd like to make note of a substantial area of agreement among the four proposals: that is the new emphasis on the role of the private sector in designing training programs. In retrospect, it's surprising that federal and state government have put so much money into training activities without involving business more intimately. After all, the private sector has the jobs. If they're not interested in the graduates of your training programs, people will not be hired. And the way to interest the private sector, as these proposed bills demonstrate, is to give business a considerable voice in the design of your training programs.

To digress for a moment on the issue of private sector involvement, I'd like to describe a successful new initiative in Massachusetts called the Bay State Skills Corporation. This venture, developed by Secretary of Economic Affairs George S. Kariotis and funded by the State Legislature, is based upon the premise that the private sector will share the costs of training if the program is tailored to the company's specific needs. The Corporation provides half the costs of a training program, matched dollar for dollar by the private sector, to fund training at the state's existing skill training resources: community and four year colleges, graduate schools, vocational schools and CETA skill centers. The requirement of private sector matching funds insures that companies will actively participate in curriculum design, actual training activity, and most important, placements of trainees in unsubsidized jobs. The Corporation trains citizens for growth occupations in entry level, upgrading and advanced skill jobs.

Even in the Bay State Skills Corporation model I am not advocating that the private sector take over the entire program. I believe that government has a critical role to insure that populations in need are served by taxpayer funded programs. The private sector will choose the very best talent available at the least cost, so we do need to provide incentives to insure the hiring and advancement of economically disadvantaged individuals.

Now let me get to the proposals at hand. If you gave me a pair of scissors and a pot of glue, I could cut and paste my way to a program I could live with happily. Unfortunately, every speaker before this Committee would come up with a slightly different version, and we'd be no closer to a consensus. I'll try to avoid the temptation of addressing specific quibbles I have with each of the proposals and confine myself to major considerations which cut across all four bills.

By the way, I will try to resist the temptation to argue for the new federalism and for block grants. I recognize that these are emotionally charged issues and they may have the effect of closing off rather than opening up discussions. I hope you will receive my comments as responses to the issues at hand and not as blanket endorsements of one philosophy of government or another. I don't believe any one person or philosophy should dictate the entire shape of employment and training policy. Our approach should result from a consensus concerning a definition of the problem at hand and agreement on the resources available to address the problem systematically.

If I had to limit my contribution to this dialogue to a single idea, it would be this: don't try to solve the entire problem of designing, targetting and implementing an employment and training system here in Washington. Don't feel that the task of this Committee must be to reach agreement down to the last detail on what each state's employment and training program must look like. I believe the task of this Committee is to reach agreement on the general scope of the national training dilemma. This Committee should establish the broad parameters for program activity, with emphasis on broad. It must be the responsibility of state and local government, together with the private sector, to design a specific approach tailored to an analysis of local problems.

Let me give specific examples of how this approach should work. I will discuss payment of stipends or wages to participants, targetting services to specific groups, the Employment Security Service, and configuration of the sub-state system. There are other compelling issues, but these four will serve to illustrate my views on the mixture of federal, state and local responsibility in the new training program.

There is no clear consensus among your four proposed pieces of legislation on the four issues I've selected. Each bill defines the problem and the solution in a different manner. I will argue in each case that the very attempt to resolve the issue here in Washington is a waste of your energies and diverts your attention from your major concern, which is to set the general parameters for programs at the state level.

Several of the proposed bills would curtail or eliminate altogether the payment of stipends or wages to participants. We all recognize that wages were a major portion of the expenses under CETA; logically, a reduction in wages and stipends would free up resources for direct training and support service expenditures. I happen to support this line of thinking. In Massachusetts, several Prime Sponsors have greatly reduced or eliminated payment of stipends under the current CETA program. My point is this: you don't have to make this decision in Washington and impose it unilaterally on all states. Let the states decide for themselves. Obviously, if a state chooses to continue allowance or stipend payments, fewer dollars will be available for other activities. Fewer people will be served. The overall impact of the program may be limited. Each state will understand these consequences as it makes its own decision. If you establish realistic performance standards here in Washington, you will offer states the incentive to forego stipends and allowances, or at least greatly reduce their use.

In the area of targetting services to specific groups, I think we all agree that national employment and training policy should be directed to the economically disadvantaged. Many would add displaced workers to be served as a small percentage of the total program. As sub-groups to the economically disadvantaged, we have ex-offenders, minorities, the handicapped, women, AFDC recipients, and youths, to name just a few. I believe in targetting services to these sub-groups. For example, in Massachusetts we've used the CETA governor's grants, in conjunction with resources from state agencies, to develop the Comprehensive Offender Employment Resource System--COERS for short. This program is important to us not because Washington told us to serve offenders, but because we recognize at the state level that without a structured, employment-oriented intervention immediately upon the individual's release from prison, recidivism of the ex-offender is entirely probable.

I feel the same way about targetting as I do about payment of wages. Once you have established at the federal level the general parameter of services for the economically disadvantaged, let the states decide which sub-groups to serve. We won't design good programs at the state level because Washington makes us do it. We'll design them because the local pressures for successful intervention will generate the ideas, the energy and the commitment to design a valid, locally based solution.

Two of the proposals would change the administration of Employment Security. We need to keep in mind that Employment Security is currently centralized at the State level and that among its responsibilities is administration of the unemployment insurance program. While coordination with the new training program at the local level would be desirable, I can envision monumental bureaucratic entanglements if you try to force decentralization of the state program. There may be states where decentralization is feasible, but in Massachusetts I would leave ES the way it is. Again, let the governor have the option of making changes; do not force changes through the vehicle of the enabling legislation.

Finally, as my last example of specific details in the proposed legislation, I've chosen the most volatile issue of all: configuration of the sub-state employment and training system. I am well aware of the 470 Prime Sponsors currently in existence, each of which has a unique, direct relationship with the Department of Labor. To be sure, local officials are supportive of this current system, which by-passes the states altogether. But in an era of diminishing federal resources, is this really the most efficient approach? I do not believe that tying the governor's hands in the approach to sub-state configuration will result in a viable system, where trust and mutual respect are the basis of a working relationship.

The proposed bills would variously establish population areas of 100,000, 200,000 or 1/2 million as automatically eligible for funding as program entities. I can appreciate the difficulty of arriving at an acceptable population level, because the number is inherently arbitrary. Once again, I must question the usefulness of attempting to resolve this issue in Washington. If you continue to by-pass the states in setting the sub-state configuration, you are writing yourselves into a federal monitoring and technical assistance role that is costly, duplicative and, to my mind, historically ineffective.

I think I understand your concerns. You are trying to protect investments that have been made during nearly 10 years of the CETA program. You do not want to see the local planning capability scrapped in favor of some arbitrary state approach too far removed from the people to be trained and the jobs to be filled. An important distinction must be made here: when I argue for state administration of the training programs, I do not mean that the state will necessarily run the programs directly. I simply insist that the dialogue and decision making must involve governors, local chief elected officials, and private sector representatives within the state. These are the people who can best determine whether a state requires two or six or twelve sub-state entities to deliver employment and training programs.

I will return to the issue of sub-state configuration, but here I would generalize my feelings about the four issues I've discussed. Highly specific and detailed legislation does not insure adequate program development; it insures growth in the bureaucracy. I am convinced that it's not worth layer upon layer of bureaucracy to insure compliance with well-intentioned but overly complicated regulations. Restrictive rules and requirements at the federal level only serve to create jobs for federal monitors and compliance officers, people whose productivity remains questionable and whose presence on the payroll detracts from potential services for our populations at risk.

Some of my ideas are undoubtedly making you uncomfortable. I realize that federal requirements have been a major leverage in the struggle to establish equal opportunity at the state and local levels. I am arguing for the recognition that in the redesign of the employment and training system there are significant checks and balances already in place at the state and local levels. Local chief elected officials, who currently sponsor and accept liability for the CETA program, can certainly make themselves heard at the state capitol. If they have any difficulty making themselves heard, speaking from my experience as Governor, I can assure you that state senators and state representatives have remarkably compelling means to get the attention of the governor. Even if governors wanted to abandon the investments made in skill centers and other training resources, which they do not, their local constituents would not allow it. If you here in the Congress establish the states as the primary level for design and implementation of the new training program, you open the door to creative negotiation between state and local government. I believe governors will be senstive to labor market areas and prime sponsor performance under CETA.

Actually, I'm confident that governors will voluntarily adopt many of the same criteria for sub-state configuration outlined in the four proposals.

We're all accustomed to great diversity in the private sector. In a very real sense, the diversity and complexity of the open market is the driving force behind America's creativity. Yet so often, when it comes to intervening in the market place to accomplish legitimate goals, such as providing competitive skills for the economically disadvantaged, we come up with federal initiatives that are singularly rigid and undiversified. We try to shape a universal program here in Washington and then ask each state to implement the uniform structure. By the time the regulations are established to insure compliance with every detail of the enabling legislation, everyone except the pure bureaucrat breaks into a cold sweat. Uniformity and rigidity do not work well in the business world—and they do not work very well for government. I prefer to envision a national employment and training policy, targetted to the economically disadvantaged, and implemented in each of the 50 states in a unique manner. The balance of state, local and private participation will reflect the diversity and chemistry of the 50 states. I see nothing to fear in this diversity; it will be the cornerstone of a remarkable new partnership.

I appreciate the considerable thought and effort which have gone into each of the bills under consideration today. I do not underestimate the difficulty of the Committee's task to arrive at a synthesis of the four proposals. What I have attempted to provide in my remarks today is a general framework, erected out of an unabashed advocacy for the primary role of the state in the design of the new employment and training system. I commend the work of Senators Dan Quayle and Ted Kennedy and Congressmen Augustus Hawkins and Jim Jeffords as well as Department of Labor staff under Ray Donovan. Yours is a bold and exciting adventure - to shape the nation's employment and training system for the 80's. I am honored to have had the opportunity to participate in these discussions and my staff is available to work with you to achieve a consensus in this important effort.

Representative **Hawkins**. The Chair would yield to Senator Kennedy, whose Governor has just concluded his prepared testimony. Senator Kennedy, would you like to make a statement?

Senator **Kennedy**. Thank you very much, Mr. Chairman. I appreciate the courtesy of the committee.

I want to welcome the Governor and the panel. I wasn't here for the oral presentation, but I did have an opportunity to review the testimony of Governor King and the other Governors.

As you know, Governor, we have developed here in the Senate, under the leadership of Senator Quayle and others on this committee, a bipartisan approach to try to deal with the problems of youth and youth training.

One of the issues that I brought up yesterday with the Secretary of Labor is the fact that we have seen a dramatic increase in unemployment. We find in our own State of Massachusetts, even though we are somewhat below the national average, that the increase of unemployment in the past month has risen significantly higher than the percentages in other States.

This recommendation that now comes from the administration is effectively a 60-percent reduction in youth training programs at a time when we are seeing a dramatic increase in unemployment across this country, and particularly among youth, and other groups which are targeted by this program—those that have skills and are unable to find work.

Can you tell us what your position would be in terms of, first of all, the funding of the program? Do you support the administration's funding of the jobs program or the funding level of the legislation which has been presented by Senator Quayle and myself?

Governor **King**. Naturally, from a strict Governor's viewpoint, we would like as much money as possible. However, I have to, and I do, keep many request that we make or position we take in mind of the overall national picture, which is one of a huge national debt growing out of proportion and the debt service on it really contributing to huge difficulties.

We have done quite well in our State. For instance, in this years budget, which also provides for a tax cut, we have put one-half million dollars aside for training of the mentally retarded. We have put $3½ million aside for what we call a base State skill project, which really gives the kind of flexibility that we are talking about here. We don't have anything in mind, except what the private sector in any city or county or any area of the State wants, where there is a need for employers, whether it is x-ray technicians, draftsmen, computer scientists, millwrights, carperters, or dental hygienists. If there is a need there, we develop a program with the private sector, one of the vocational schools or colleges, or communities colleges in the area. We fund 50 percent, and that is the maximum that we fund. In most cases, the private sector contribution has come in substantially more.

So we have been quite successful at that.

Specifically, in answer to your question, my answer would have to be gauged in the light of the total Federal picture. Whatever it is, we are going to do the very best we can to make that work and supplement it with moneys from the State.

Senator KENNEDY. I would like you to try to be somewhat more specific, because we are going to be talking about the figures now, both from this committee and the Budget Committee and the Appropriations Committee.

We know that we have had effective programs up in our State, as you have outlined. But we see with the administration's program a 60-percent reduction in the youth training programs.

I would like to know whether, speaking as both the Governor of Massachusetts and also speaking for the Governors, whether you are supporting the figures which have been outlined in the Quayle-Kennedy proposal on youth training, or whether you are supporting the administration's figures?

Governor KING. Well, there is a difference of about $2 billion, as I understand it, almost $4 billion cut to $2 billion.

Senator KENNEDY. That is right.

Governor KING. But the direct effect in that——

Senator KENNEDY. It is the difference between 3 years ago when we trained 3 million, a year ago when we trained 2 million, and under the administration's program, the estimate is that 1 million will be trained. This is, at a time when we have seen a dramatic increase in unemployment and a dramatic difficulty in the youth of this country, particularly the minority youth, being able to get jobs, even with all of the efforts that we have made in our own State of Massachusetts and other States.

Now, where do you come out on that issue? Do you come out with the bipartisan effort in the Senate, or are you coming out in support of the administration's program which is going to mean that there is going to be a dramatic reduction in the number of young people, both in Massachusetts and the rest of the country, that are going to be able to get job training?

Governor KING. Certainly, I would want to come out with something that is bipartisan, because that is the way that it should be. I would have to again say that I have to adapt it to the Commonwealth of Massachusetts. And when we find out what we——

Senator KENNEDY. We are actually down here, in terms of the U.S. Senate. You are testifying now what is in the interest of the State. From the State's point of view, from Massachusetts' point of view, where do you come out?

Governor KING. I am talking in this way: I am asking for flexibility as a Governor to employ what we have from the Federal Government and State throughout the State. Now, when I hear Governor Romero say that he has an unemployment rate of 22.1 percent and that, within that, the youth is much higher, I think that extra money should be deployed to States like Puerto Rico that have this particular problem.

I would have to know the effect on Massachusetts and our ability, which we have already started. This is the third year of the base State skills project on our own. I don't know how many other States have that. This is the first year on the moneys for the mentally retarded. How much of that we will be able to do with the private sector, which has responded very well, and what the gap will be, I really haven't been able to assess that because, frankly, we really don't have one. Now, there may be one in April or May or June or July, but we are expecting our economy to stay as it is and, hopefully, get a little better as the summer comes on with some defense spending.

Senator **KENNEDY**. Let me ask you this: Are you satisfied that you can meet the needs of the unemployed youth, the unskilled youth, in Massachusetts no matter what the Federal Government does? Is that what you are saying to this committee?

Governor **KING**. If the Federal Government does nothing—that is not proposed, though. We are talking——

Senator **KENNEDY**. Well, I am trying to get a response from you whether you support, as Governor Orr did, the figures that were in the bipartisan proposal here in the Senate, or whether you support the administration's, or whether you have some other figure? You have responded each time that Massachusetts is going to meet its commitments. Does it make any difference what we do? If it does make any difference what we do, where you come out on the figure?

Governor Orr said he supports the Quayle approach on this. I am just trying to find out from my Governor of Massachusetts, as the person that is charged with the responsibities, how you come out?

Governor **KING**. Well, my answer before and my answer now is this: As a Governor, I would like as much money as the Federal Government will send. But I want to make that resquest as I had made all others in all my other positions, on the ability of the Federal Government to do this.

Now, I have disagreed with one thing, and that was the low-income fuel assistance. I have to make my request based on how we are doing, based on the Federal Government's ability to handle a national debt that is over a trillion dollars, and that is causing huge interest payments each year. Now it is easy to say that we want more and ask for more, and when things don't work out, we have something to complain about. We can do that. I am not criticizing anybody.

All I am saying is we have anticipated some of these things, we have had a strong economy, we have been able to pay our bills, have a relatively low unemployment rate for which we are thankful, and have some projects where we put people to work.

Senator **KENNEDY**. What would be the difference in Massachusetts between the administration's program, $2.4 billion and the $3.9 billion, what would be the difference in the number of young people in our State?

Governor **KING**. Government funding for WIN offices, for instances——

Senator **KENNEDY**. Just on this program. I am a strong supporter of WIN. It has been a marvelous program. I helped lead the fight in the U.S. Senate for that, so I am familiar with it.

Just on this one point: $2.4 billion, $3.9 billion, what will be the difference in the number of young people that are going to be trained in our State of Massachusetts. Those are the two proposals that are before us here in this committee this morning to which you are testifying.

Governor **King**. We compared the $3.8 billion with the $1.8 billion, and we came up with a difference with $7 million and a fraction. Now, what that gets down to with offices and employees and the overhead versus the number of people being trained, I don't know.

But I will say this in answer to one of your prior questions: None of that came—$6 million is a lot of money, of course. But we are proposing an income tax cut of $80 million. Maybe that would have to be $74 million.

Senator **Kennedy**. I see my time is up, Mr. Chairman.

I want to thank the Governor.

Representative **Hawkins**. Let me follow up. Perhaps I would address my question to you, Governor du Pont, as a representative of the Governors' Association.

In terms of the funding amount and in view of the fact that what we are faced with in this country today is not a mild problem, it is a serious one which, according to Department of Labor statistics, 5.6 million are working part-time, over 9 million are unemployed officially, and the discouraged number is well over 1 million persons. So we are talking about over 15 million Americans. We are not talking about just youth, we are also talking about dislocated workers and those who are lacking in skills, for various reasons, in the labor market today. We are also talking about an unemployment rate of 8.8, with a projection by the administration that the rate will be no less than 7.5 as late as 1984, so it isn't going to pass overnight.

Does that Association consider that the expenditure of only $1.8 billion in fiscal year 1983 by the Federal Government to be anywhere adequate? My understanding is that the administration's bill does not present a program at all for the dislocated worker. The other two bills, the Jeffords bill and the Quayle bill, do, I think. Mine does. Actually, the Governors would get more money under my proposal, H.R. 5320, including the dislocated worker program which would go to you directly. You would administer that directly. You also participate in other parts of the program. So you are actually talking about more money going to you directly under H.R. 5320 than under any of the bills.

The question goes to the nature of the problem that we are faced with and the proposed solution being so pathetically adequate. The House bills, I think, operate by putting people to work in the private sector, through training and otherwise, and is not a drain on the Federal Treasury nor the State treasury, but actually is cost effective. It is cheaper to do it that way than it is to pay them unemployment insurance at $2 billion a month as we are now doing, not counting welfare and all of the other costs imposed on the States and local governments.

Basing it on that premise, we cannot excuse the failure to act on the basis that it is a drain on the Treasury—because a drain on the Treasury is unemployed people. Why are we so inadequate, do you think, at this level in presenting a program to you at your level that amounts to almost zero? The administration's proposal is to spend $900 million in fiscal year 1983.

Governor du Pont. Mr. Chairman, I would say several things in response to that. First, one very specific comment: We need a program for displaced workers. Whether you include in this legislation or some other legislation is perhaps not so important as the fact that it must exist. I would prefer to see it folded in to an entire statewide council approach, as I outlined in my testimony. But it must be somewhere.

Second, I believe that virtually all of the Governors would concur that the best thing you could do for us is to help get this economy moving forward. A 1 percent drop in my unemployment rate would do far more for me than any particular amount of money in this legislation. A several-point drop in the interest rates so that housing and automobiles could get going again would do more for me than this legislation.

So I think that you have to consider how many resources you put in here in context with a $100 billion deficit and with the other problems that you have in terms of economic recovery.

I think the second thing that you have to consider is that the delivery mechanism is extremely important. I don't believe it would be helpful to put many more billions of dollars into the programs that we have had in the past that have really not helped us grapple very well with the problem of unemployment. We need a new delivery mechanism with flexibility, with local control, and thus put together something that will be more effective in our States.

That would bring me to the third question, which is the question you asked of how much resources should be in the bill. I think, within the other two parameters, that I speak for all the Governors in saying that we would like more rather than less. But I think you have to do that in the context of the national economic picture as a whole and what you believe that you can afford to do compared with all the other problems you have to wrestle with in Washington.

Representative Hawkins. The Chair is in a difficult situation. I understand that several of the witnesses must leave in 5 minutes. May I have some indication of which ones of you must leave and which ones can possibly stay a little bit longer?

Governor King, you must leave; is that it?

Governor du Pont. I must also, Mr. Chairman.

Representative Hawkins. Governor du Pont.

Governor Orr, can we prevail upon you to do——

Governor Orr. I will do my best, Mr. Chairman. It is barely possible that I may get a call. I apologize for leaving a few moments ago, but there are flooding conditions in Indiana and it maybe that, without my having planned it that way, I may have to leave a little earlier than I had anticipated.

Representative Hawkins. Well, try to stay as long as you possibly can. We appreciate it.

Governor Romero, do you have to go?

Governor Romero-Barcelo. I have all the time available for this.

Governor du Pont. It is sunny in Puerto Rico.

Representative **Hawkins**. May I say that, at a time when you feel that you must leave, either one of you, would you simply feel free to do so. We will put it that way, and we will proceed as far as we can go. If you depart in haste, we will know that it isn't in disgust but because of something else.

Senator Quayle?

Senator **Quayle**. Before Governor du Pont leaves, I have two quick questions I would like to ask of him as the spokesman for the National Governors' Association.

In your testimony, you indicated that eligibility should be as flexible as possible. The administration's proposal in the area of eligibility talks about recipients of AFDC, regardless of age and school status, other low-income persons must be out of school and between the ages of 16 and 25. Then they have the same 10 percent provision that Senator Kennedy and I have.

Is this in the spirit of flexibility?

Governor **du Pont**. I would like to see, Senator, as much flexibility as we can work into this legislation. I would like to see, for example—and I think I speak for all the Governors—that that figure be higher than 10 percent because, as I said, Michigan's problem is not Delaware's problem. They are different.

I would like to see a greater emphasis personally on in-school youth, because I think you can get to the problem before it occurs. You got them in the school buildings every day, you can work with them there more effectively.

Your bill has some additional flexibility. Congressman Jeffords' bill has even more, in terms of dealing with very young people.

Senator **Quayle**. So you could state that the Governors' Association would be willing to move toward a more flexible model as embodied in the Quayle-Kennedy bill, and also the——

Governor **du Pont**. I think I could state that the Governors would receive more flexibility with unbounded enthusiasm.

Senator **Quayle**. One other question: What specific changes would you recommend in the bipartisan bill that is presently before the Senate, the Quayle-Kennedy bill? Do you have any specific objections to that piece of legislation, and what recommendations would you like to make to this committee?

If not, we would take a wholehearted endorsement at this time. Are you prepared to do that?

Governor **du Pont**. Senator, there are so many fine proposals before this committee that I would hesitate to single out any particular one.

However, there are some very good portions of several of these bills. I think the Quayle-Kennedy bill is a very good piece of legislation.

Senator **Quayle**. OK, do you want to stop right there? Thank you very much. I know you have to leave.

Governor **du Pont**. That is the truth. That is the truth. It is a good piece of legislation.

However, I would suggest that you look at some of the areas of Congressman Jeffords' bill, particularly in regard to youth unemployment problems. I think there are some strong in-school mechanisms there that might be incorporated in your legislation.

Senator QUAYLE. Mr. Chairman, I do have some other questions for the panel, but if anyone else might want to direct something——

Governor DU PONT. I would very much like to catch my airplane, Mr. Chairman, before my legislature convenes there without me. You know what a difficult situation that can be sometimes.

Senator QUAYLE. Thank you very much.

Governor DU PONT. I thank you very much for the opportunity to be here.

Representative HAWKINS. Thank you, Governor.

Senator QUAYLE. Let me ask my dear Govenor from Indiana, Governor Orr, as we proceed along the legislative route to enacting a training and employment bill, I wonder if you could emphasize a couple of key areas that you would like to see changed from the current structure?

Throughout the testimony of the four Governors, we heard the word "flexibility," we heard the word "partnership," public and private. And we heard the comments that we need to have the PIC more involved and the private community more involved.

I wonder if you might just summarize for us a couple of key areas that you would like to see this committee pursue in the legislation?

And also, the converse of that, what would be a couple of things that you wouldn't like to see? If you could just summarize for us on a priority basis.

Governor ROMERO-BARCELO. Senator, I think that we have learned a lot from past experience in the job programs. I would like to say at this time that the job programs at this time, as far as I am concerned, is one of the best Federal programs in existence and one of the programs that has helped local governments deal with the unemployment situation most effectively.

However, there have been areas in the past—I mean, one of the big mistakes we have made in the past was the fact that we didn't have a phasing-out period of employment in the public sector, for instance. We didn't insist that the private sector jobs were only for training and that there were more fiscalization of what steps were taken after the training was finished and how many of those persons that were trained were actually kept on jobs. I think that we should put emphasis on the monitoring of these programs and make sure that the private businesses that participate and benefit from the training programs and the payment for fully or partially of the salaries of those that are working for the private enterprises, then we can really have a meaningful program.

I indicated that it is important that the responsibility and the authority remains in the hands of local government, because there will be conflict of interest, as far as the private industry and private business are concerned. They would like this program very much for the expansion of their own businesses. But they certainly won't like it for the establishment of new business that is going to be competing with them, both in business and in industry.

So, if we leave it in their hands for the planning, they will be satisfied as long as they meet their needs. We have to look at the needs of the whole community. We are responsible, and we have to answer to the people for that. Therefore, the partnership is meaningful and important, because they can tell us where they need and how they are willing to accept the training programs, how can they be more effective for them, for helping them financially and establishing new businesses. That will be the most meaningful achievement that we can make in the job training programs.

But I feel that it is extremely important in whatever we put in this, like Chairman Hawkins said, we are going to be saving in unemployment insurance, on food stamps, on welfare programs, and it will also give the people an opportunity to do for themselves. We will get back some of the work ethic that has been lost.

Senator **Quayle**. Governor Orr?

Governor **Orr**. The word "flexibility" has been frequently used. I think probably one of the things that most Governors feel constrained with at the present time—to answer the second part of your question—is that there isn't the degree of authority provided to Governors under the present circumstances that may go with the responsibility that is theirs to fulfill. In some instances, I am afraid there may even be some conditions of liability which are not consistent with the degree of authority which is granted.

In my opinion, it is absolutely essential that there be granted the authority to act, the authority to attempt to mold the program within the broad guidelines that would be produced by Federal legislation, and the opportunity to function to accord with the circumstances that prevail in every individual State.

I think it is most important that we provide an incentive and an encouragement for cooperation among all of the various elements of State government, many of which are funded federally, to cooperate one with another, and to cooperate in turn towards the economic development posture of the State. If there is any opportunity, it seems to me, to save money—as was in line with some of the questioning that went on before—it seems to me that it can come from bringing the Rehabilitation Services Agency, which has a major responsibility to train potential workers, with employment security operation, with the normal vocational educational programs that prevail in the State, together with that of the CETA programs.

Those, working in conjunction with the economic development aspect of State government, can, I think, cause those dollars to be most effectively used. There are ways, we have found, by bringing those people together, there can be a synergism established which may make it unnecessary to appropriate as much money as has been appropriated in the past, and that we can obtain that much more delivery of skilled training to make it possible for people to be employed, all of those kinds that fall under varying parts of those State agencies, all of which have some Federal funds involved.

Senator **Quayle**. Thank you both very much.

Thank you, Mr. Chairman.

Representative **Hawkins**. Mr. Corrada.

Representative **Corrada**. Thank you, Mr. Chairman.

The essential issues before us are three. There is how much money we are going to put in this effort. On the one hand there is the Hawkins bill, which I am cosponsoring, providing for $5 billion (plus $1 billion additional that we in our last committee meeting added to it) of which $3 billion will go to the State and local programs—mainly utilizing the mechanisms that exist currently.

On the other extreme of the spectrum, we have the administration bill with $1.8 billion for State and local programs, $200 million for national programs, $387 million to help the Job Corps.

The second element, of course, is the service mechanism. How do we deliver this? What structures will be utilized to getting these moneys out there to get people trained for jobs?

The third is the question of eligibility. Should this be limited, as the administration proposes, to AFDC recipients and youngsters between ages 16 to 25; or should it apply all those who are economically disadvantaged, with a strong emphasis on the youth programs? And there is the question of how much flexibility the State Governors would have.

I would like to ask Governor Romero and Governor Orr—just as a suggestion was made about the possibility of a waiver for the Governors on the question of whether 10 percent of the money should be utilized for people who are involved with the levels of poverty that Governor du Pont suggested—do you believe that there ought to be flexibility for the State governments to determine whether they should have a waiver for a small public service employment component in areas of high structural unemployment throughout the Nation? Or whether, at the congressional level, we should set aside 5 percent, 10 percent, or whatever percent of the funds to allow that kind of utilization of resources?

Governor **Romero-Barcelo**. I definitely believe that there should be a set-aside for areas that need this type of programs. We in Puerto Rico, for instance, would need such program. But I would also suggest that any such program also have some kind of guidelines or rules where, as unemployment is reduced, the amounts are also reduced, so that it is not as a subsidy to local budgets which has created the problems in the past with CETA projects. They were as subsidies to the local budgets and were used to perform the services that other funds would have been necessary for those services.

As long as it is used as an employment program and tied to unemployment rates, I think it would be very important, because only in the public sector can we provide the jobs immediately to satisfy the needs of the unemployed and keep them off the welfare rolls, which is the very important aspect of this situation. We have to keep them employed so that they don't lose faith and they don't lose hope.

Representative **Corrada**. Governor Orr.

Governor **Orr**. I find it tempting to agree with the concept, in light of the fact that we have very high unemployment in the State of Indiana at the present time by virtue of our high dependency on the automotive industry.

At the same time, I recognize that the nature and the state of the economy is very much a part of the fact that, in the past, we have tended to spend more than we could possibly expect to obtain in the way of revenues and that that has, among other things, gotten us into the serious predicaments in which we now find ourselves.

Therefore, even though I come down strongly in favor of as much flexibility as possible and providing the Governors as much of an opportunity to make the determinations based upon what exists at the local level, it seems to me that we should fit ourselves within the national posture. I share the point of view that, desirable as public service jobs may be under certain circumstances, that there was no question about it that they outgrew our ability to be able to support them. I believe it wise, under the present circumstances, to devote our attention to getting people back to work in the private sector.

While there may be certain circumstances, as Governor Romero has indicated, I would prefer to continue on the path on which we are now moving at the national level.

Representative CORRADA. Governor, what is the percentage of employees in your State that are public employees rather than employees of the private sector?

Governor ORR. That are public employees?

Representative CORRADA. Yes, at the Federal, State or local levels.

Governor ORR. That are regularly unemployed?

Representative CORRADA. Yes.

Governor ORR. I am sorry, I cannot give you that exact figure. But it is certainly relatively small by comparison to the normal public and private employment figure. I do not have that readily at hand, and I cannot give you that answer.

Representative CORRADA. Governor Romero, do you have a comparable figure?

Governor ROMERO-BARCELO. I would have a ballpark figure on that. I would suggest that the State employees, municipal employees, agencies, public corporations and the Federal Government, would probably represent about 20 to 25 percent of the jobs in Puerto Rico.

Representative CORRADA. Mr. Chairman, I believe the figure at the national level is that about 20 percent of all employees in the country are public employees, either at the Federal, State or local levels. But, in any event, I would like that figure to be submitted for the record, that we request that official figure from the Department of Labor.

Representative HAWKINS. Without objection, the request will be made of the Department of Labor to give us the specific number of individuals employed in public jobs of all kinds, at all levels.

[The information follows:]

NUMBER OF PUBLIC EMPLOYEES—FEDERAL, STATE, AND LOCAL IN THE UNITED STATES

The Department of Labor's Bureau of Labor Statistics' latest figure (as of February 1982) on the number of public employees in the United States (Federal, State, and local levels) is 15,864,000 individuals.

Representative HAWKINS. Mr. Weiss.

Representative WEISS. Thank you, Mr. Chairman.

Governor Orr, I am not really sure, but as I listened to your testimony and as I reread it, I get the sense that you are not really absolutely convinced that there is a need for a Federal employment training program. Am I misjudging that? Is there some doubt in your mind as to whether or not we ought to be in this business at all?

Governor ORR. No, sir, I didn't mean to imply that. I mean to convey the message that there is, and that we believe that the programs suggested by various pieces of legislation and modification of them, would very much suit the purpose.

I am anxious to see as much input from the State level as possible, but I do not believe that we could substitute under any circumstances at this time any other alternative for a program of the kind that this committee is entertaining.

Representative WEISS. Would you have any view as to what the minimal amount is? I gather that you think the administration's figures are too low to have any kind of meaningful impact, and that you really prefer minimally the Quayle-Kennedy funding level; is that correct?

Governor ORR. Well, that is obviously a very difficult question to answer. Having served myself in a legislative body, I recognize that there has to be a lot of give and take among the various elements of the legislative body itself in an effort to fit the requirements into the total.

I believe that there can at this moment be funds employed, and employed very profitably, in job training and, therefore, tend to come down someplace in the neighborhood of the Quayle-Kennedy proposal or the Jeffords proposal, recognizing, however, that the reasons for the administration's much more limited request is because of the need to curtail expenditures generally. Therefore, it is almost impossible for me to render an opinion categorically on this subject.

I have to bow to the obvious requirements that the Congress will have in meeting what they believe to be the absolute maximum figure that can be afforded.

Representative WEISS. The administration, as you know, except for the 10 percent exclusion or flexibility provision that it has, has no provision for displaced workers, strictly within that 10 percent allowance.

Obviously, you believe that there ought to be much greater flexibility than that and that the States ought to be allowed to spend their funds that they get from the Federal Government in any way that they want. At least that is how I read the testimony that you have given.

Supposing, in fact, you had States which decided to spend all of their money on displaced workers. Would you believe that that would be an appropriate exercise of the flexibility of the State government?

Governor ORR. Let me answer you by saying that I doubt very seriously that any State would want to put all of its eggs in that one basket in terms of job training. But I believe that State government today is in the best possible position to understand what the needs are within that State and to exercise good judgment and commonsense in the devotion of the funds that are available for training purposes for what they believe to be in that State's best interest.

It is impossible for me to answer the question categorically, except to say that, in my opinion, in today's world, State government has the ability to deal on a very flexible basis with what the Federal Government would provide in the way of funds for this kind of purpose.

Representative WEISS. In my State, the State legislature in its wisdom has just won the right to participate in the disbursement of Federal funds. Up to this year, it has been the role and power and authority of the Governor to do that. I don't know what the situation is in Indiana.

Governor ORR. In Indiana it is involved in total process.

Representative WEISS. The State legislature?

Governor ORR. The State legislature. And it has a considerable portion to pay.

Representative WEISS. I assume that some of those judgments as to how the money would be disbursed would be subject to the normal push and pull of State government politics, that is the politics within the State itself, rather than necessarily on the merits of where the money was needed the most; isn't that so?

Governor ORR. Not necessarily.

Representative WEISS. But possibly?

Governor ORR. Possibly, but no more so than it is in the U.S. Congress.

Representative WEISS. But for us to run 50 hurdles at 50 State levels as to how the rights and wrongs of people who are unemployed would be dealt with, I think, might present a problem to us as to whether we really want the money to be just thrown out in such scatter-shot fashion. Wouldn't you think that is a legitimate concern of ours?

Governor ORR. Your question implies that those in the respective legislatures are less well able to make sensible policy decisions than is the case at the national level. And I am not certain that that is the case.

Representative WEISS. I am not talking about less sensible; I am talking about normal historical patterns of behavior, upstate, downstate, rural, urban—I mean there are all kinds of political plays that come into effect in this kind of situation.

Governor ORR. I will agree that there are those kinds of factors playing upon the decisions in every legislative body. In my opinion, having observed it now for a good many years and having been a part of the process myself, I think, by and large, the legislature comes down with decisions which are in the best interest of the people of that State.

Representative WEISS. Thank you very much.

Governor Romero, you had indicated that if, in fact, we have the kind of limitation or set-aside that is in one of the bills that is before us, you think that Puerto Rico would react in a certain way. To what extent do you think that would take place, that is, the migration to the mainland?

Governor ROMERO-BARCELO. Well, to the extent that a person who had a family at home could not find a job and that whatever other compensation was available to that family seemed insufficient, and that they might have an opportunity to have a job on the mainland or have more income to deal with their families' needs, they would just move over here, as long as the difference was substantial enough to encourage them to move. As has happened in the past, in times of needs, in times of serious unemployment levels, people have migrated to different areas in the Nation to look for a job and to look for economic opportunities.

Representative **Weiss**. Thank you both very much.

Thank you, Mr. Chairman.

Representative **Hawkins**. Mr. Jeffords.

Representative **Jeffords**. First of all, I would like to commend all the Governors for their excellent participation and testimony. I do have a couple of specific questions, and I know that the time is getting late.

First of all, the Administration's bill does away with the authorization for funding for the Federal-State Cooperative Labor Market Information program—in other words, the program which assists in letting people know what jobs are available and trying to match people to those jobs.

All of the bills, except the Administration's bill, either reauthorize the funding or provide information to assist job seekers as they look for jobs on a national basis.

I wonder if you could tell us whether or not that program has been useful to the Governors and whether it is still a needed service to be provided?

Governor **Orr**. My answer would be that it is useful. Partially I answer it on the basis that our economic development efforts, I think, should be designed to try to encourage industrial expansion in those areas where there is a high level of unemployment or other economic dislocation. In order to be fully apprised of that sort of information, it is necessary to have that kind of element available. Therefore, the funding of it, it seems to me, is of great value.

Representative **Jeffords**. Thank you. I am not so sure it is applicable, but, please, I would like to know what service does this program provide for Puerto Rico?

Governor **Romero-Barcelo**. What service are you referring to, Mr. Jeffords.

Representative **Jeffords**. There is a system to provide information to the States—and I presume Puerto Rico—on the availability of jobs throughout the country and which tries to match people in jobs.

Governor **Romero-Barcelo**. I think the Job Bank should be strengthened and reinforced. I think it is extremely useful for all persons that are considering any type of movement from one area to another. I think that the Labor Departments in each one of the States should be consciously and very active in supplying this information and having this information available to anyone that is thinking of moving outside, and this should be publicized. I think it is extremely important.

In my testimony before the Senate subcommittee last year, I indicated that I believe that it should be our responsibility also to provide this very, very useful information to immigrants. Many times, immigrants come into this country and they are not geared or advised properly as to where their skills would be needed and where they would be more apt to find a job for their qualifications and experience.

Representative **Jeffords**. Thank you.

One final question: I don't want to pit us against each other, but Congressman Hawkins' bill on displaced workers has a national formula for distribution of the displaced worker funds with a State match. My proposal has a requirement that the States who desire displaced worker funds apply for those funds without a State match.

I wondered if you would be willing to comment on those provisions. Which one you think would be the wisest from both the perspective of Federal funds and from the ability of States to be able to take advantage of those funds?

Governor ORR. Your program does not require a match?

Representative JEFFORDS. That is correct. It goes under the presumption that the areas that have large dislocations are probably not in the best circumstances to provide the match and, therefore, requires an application for the funds without a match.

Congressman Hawkins goes under the presumption that if the States really need the displaced worker funds, they will be willing to put up the match.

So there are two interesting, and both justifiable philosophies. I wonder if you would want to comment on each?

Governor ORR. As a rule, I don't object too seriously to a match. For example, the Rehabilitation Services Agency has always had a match. There is a tendency, therefore, for the State to operate those programs—to ask for those funds with somewhat more assurance that they will be well managed and well spent.

Your program tends to give emphasis to those States which actually have a strong need rather than their being distributed on some basis or formula throughout the United States. It seems to me that there are places in this country where there aren't anywhere near as many displaced workers as there are in other States. Therefore, at the present time, the probability is that it would be wiser for those to be sought for by the States as against specific requests, in other words, allocated to those States.

Long-range-wise, after we have emerged from the present difficulties, I tend to seek flexibility to the States. But I believe that, at the present time, I would favor those funds going specifically to those States that most need them.

Governor ROMERO-BARCELO. When you talk about displaced workers, are you referring to workers that are displaced in an industry within the same State, or are you talking about displaced workers moving from one State to another?

Representative JEFFORDS. We are talking primarily about workers that are displaced within the State.

Governor ROMERO-BARCELO. Definitely, we have that problem, and we are addressing ourselves to it. We would be more than willing to match those types of programs, and we would be eager to match them. We even have offices outside of Puerto Rico to help those citizens of Puerto Rico to move over to the other—like New York or Newark or Philadelphia or Boston—we have offices there to help them find a job. We would certainly welcome any kind of a matching program for those offices.

Representative JEFFORDS. Thank you.

Representative CLAY. No questions, Mr. Chairman.

Representative **Hawkins**. May I again thank you, Governor Orr and Governor Romero, for the contribution that you have made. I hope we have not unduly delayed you. It is a pleasure to have both of you before the joint hearings, and certainly we will continue to work with you and seek your cooperation. Thank you.

Governor **Romero-Barcelo**. Thank you.

Governor **Orr**. Thank you, Mr. Chairman.

Representative **Hawkins**. The next will consist of the Hon. Harvey Sloane, mayor of the city of Louisville, Ky., testifying on behalf of the Conference of Mayors; the Hon. Donald Fraser, mayor of the city of Minneapolis, Minn., testifying on behalf of the National League of Cities; and the Hon. William Donald Schaefer, mayor of the city of Baltimore, Md.

The first witness listed to testify is the Honorable Harvey Sloane, mayor of the city of Louisville. Mayor Sloane, we welcome you.

STATEMENTS OF HON. HARVEY I. SLOANE, MAYOR OF THE CITY OF LOUISVILLE, KY., ON BEHALF OF THE CONFERENCE OF MAYORS; HON. DONALD FRASER, MAYOR OF THE CITY OF MINNEAPOLIS, MINN., ON BEHALF OF THE NATIONAL LEAGUE OF CITIES; AND WILLIAM DONALD SCHAEFER, MAYOR OF THE CITY OF BALTIMORE, MD.

Mayor **Sloane**. Thank you, Mr. Chairman and members of the joint committee. We appreciate very much this opportunity to testify and talk a little bit about our experiences.

If I can for a moment talk about Louisville—Louisville, Ky., in September, had the largest, highest unemployment rate since the Great Depression, 13.6 unemployment. We are finding that our young people, the youth, have an unemployment rate of about one-third, and our teenage youth who are minorities and black have from 45 to 50 percent unemployment.

We have a lot of activity in our downtown area. One of the projects is the opening of a restored hotel. It happened to have 500 available jobs, and there are 10,000 applicants.

Before I came before this committee, I visited the unemployment office and also the CETA office to talk to some of the people, to find out what was their experiences and what they were going through. It was a frustrating visit. One lady who had been employed for 9 years in an accounting office had not been able to achieve employment in the last year and a half. She is now supporting her son and herself with $40 a week.

I went to the CETA offices and talked to some of the young people that were getting training. Some of them have been looking for jobs for many, many months, and their only opportunity was to have training to allow them to go into the job market.

Louisville basically has an industrial economy, and we are transitioning into a service economy. The training for that is extremely important. Over the last years, our CETA program has been administered locally, as other communities. We have gained experience. There have been problems, and there have been mistakes, as there have been in other communities. We feel we have gained a knowledge, and especially a partnership with the private sector, working with the PIC and labor and business communities. We feel the CETA programs are becoming functional and adequate.

I don't feel, Mr. Chairman, that at this time when we are facing the kind of unemployment that we are seeing in our communities and, of course, around this country, as we approach this summer and we see an economy that does not look like it is going to improve dramatically—the cities of this country are excited about the enterprise zones that are being considered by this Congress and the administration. However, they certainly are not going to have employment impact for a number of years.

I fail to see that we are going to have any kind of immediate impact on the terrible tragedies that are confronting people unless we have some public service employment.

We have seen the public service employment in the last year, and there have been abuses of it. But I think there have been some great advances, especially with the private not-for-profit sector, teaching people how to rehabilitate houses, become trained journeymen, be able to develop expertise and go into the job market, and also to provide some very important services to local communities.

So I would ask you to give strong consideration as, Mr. Chairman, in your bill you have the public service opportunity. I think that is important to consider.

The training programs to allow for displaced workers is especially important in our community of Louisville, Ky., which is impacted by the two depressed industries of the home building industry and the automobile industry. We have General Electric in our community, and they are severely impacted, as you can appreciate, and there are displaced workers as we are transitioning.

So we would encourage in the Conference of Mayors, from their point of view, that large industrial cities have to have a strong displaced workers program. And we would ask also that you strongly consider allowing the authority for the CETA programs to remain at the local level. None of us have been perfect. We have gained experience. We have a process that has a track record. We have been able, I think, in the past years to administer the programs locally, and we would hope that they would remain that way.

Thank you very much, Mr. Chairman. I appreciate the opportunity to be here.

Representative HAWKINS. Thank you, Mayor Sloane.

[The prepared statement of Mayor Sloane follows:]

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TESTIMONY OF

THE HONORABLE HARVEY SLOANE
MAYOR OF LOUISVILLE, KENTUCKY

ON BEHALF OF

THE UNITED STATES CONFERENCE OF MAYORS

PRESENTED AT THE
JOINT HEARINGS OF THE HOUSE SUBCOMMITTEE ON
EMPLOYMENT OPPORTUNITES AND THE
SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

MARCH 16, 1982

I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE THE JOINT HOUSE AND SENATE SUBCOMMITTEES THAT ARE CONSIDERING REPLACEMENT LEGISLATION FOR THE CETA PROGRAM. AS THE MAYOR OF LOUISVILLE, KENTUCKY, I REPRESENT A CITY THAT HAS HAD A LOCAL PROGRAM, IN CONJUNCTION WITH JEFFERSON COUNTY, SINCE CETA WAS BEGUN IN 1974.

AS A REPRESENTATIVE OF THE UNITED STATES CONFERENCE OF MAYORS, I REPRESENT EVERY PRIME SPONSOR CITY IN THE NATION. MOST OF THOSE CITIES HAVE ALSO BEEN INVOLVED IN THE PLANNING AND IMPLEMENTATION OF EMPLOYMENT AND TRAINING PROGRAMS SINCE THE BEGINNING OF 1974. WHILE CITIES HAVE VARIED IN THEIR SUCCESSES, THE OVERALL IMPACT OF THE CETA PROGRAM HAS BEEN AMAZINGLY POSITIVE, ESPECIALLY IN VIEW OF THE NUMBER OF CHANGES THE SYSTEM HAS UNDERGONE, FISCALLY AND PROGRAMMATICALLY, IN THE EIGHT YEARS.

THE CONFERENCE OF MAYORS IS PLEASED THAT THE SUBCOMMITTEES HAVE RECOGNIZED THE NEED TO CONTINUE THE FEDERAL ROLE IN THE DEVELOPMENT OF A NATIONAL EMPLOYMENT AND TRAINING POLICY AND IN THE PROVISION OF FISCAL AND PROGRAMMATIC SUPPORT IN THE IMPLEMENTATION OF THAT POLICY. ACCORDING TO DECEMBER, 1981 STATISTICS, THERE ARE 8,807,000 PEOPLE UNABLE TO FIND JOBS IN THIS COUNTRY. BUT, AS HORRIFYING AS THAT NUMBER IS, IT CERTAINLY DOES NOT TELL THE ENTIRE STORY.

THESE UNEMPLOYED PEOPLE ARE NOT DISTRIBUTED EQUITABLY AMONG ALL CITIZENS. MINORITIES AND YOUTHS ARE ESPECIALLY HARD HIT. IN SOME COMMUNITIES SUCH AS LOUISVILLE AND JEFFERSON COUNTY, THE UNEMPLOYMENT RATE AMONG YOUTHS FROM 16 TO 21 YEARS OLD IS CONSERVATIVELY ESTIMATED TO BE BETWEEN 39.8% AND 57.8%. IN LOUISVILLE THIS REPRESENTS OVER 4,000 MINORITY YOUTH, UNEMPLOYED, OUT-OF- SCHOOL AND SEEKING JOBS -- JOBS THAT DO NOT EXIST.

NOR ARE THE PROBLEM AND THE BURDEN EQUITABLY DISTRIBUTED THROUGHOUT THE NATION. THERE ARE LARGE POCKETS OF UNEMPLOYMENT THAT REFLECT BOTH NATIONAL AND LOCAL ECONOMIC TRENDS. AN OVERALL UNEMPLOYMENT RATE IN EXCESS OF 10% IS BECOMING DISTURBINGLY COMMON IN MANY OF OUR LARGE CITIES. IN LOUISVILLE OUR LOCAL UNEMPLOYMENT RATE FOR DECEMBER WAS 13.6%, THE 16TH HIGHEST IN THE NATION. THIS IS THE HIGHEST RECORDED UNEMPLOYMENT FOR THE LOUISVILLE AREA SINCE LOCAL RECORDS WERE FIRST KEPT, BEGINNING IN 1946. THEREFORE, OUR UNEMPLOYMENT RATE IS HIGHER THAN IT WAS DURING THE GREAT DEPRESSION.

AND EVEN THIS IS NOT THE ENTIRE PICTURE. THESE STATISTICS REPRESENT ONLY THOSE THAT THE BUREAU OF LABOR STATISTICS RECORDS. IT DOES NOT INCLUDE THE HUNDREDS OF THOUSANDS, PERHAPS MILLIONS, OF PEOPLE WHO HAVE NEVER BEEN EMPLOYED AND ARE SO DISCOURAGED THAT THEY DO NOT SEEK EMPLOYMENT. IT DOES NOT INCLUDE THOSE PEOPLE WHO HAVE BEEN LAYED-OFF SO LONG THAT THEY ARE NO LONGER COUNTED IN THE UNEMPLOYMENT STATISTICS. IT DOES NOT INCLUDE MANY THOUSANDS OF THE OTHER "INVISIBLE" PEOPLE IN OUR SOCIETY, THOSE PEOPLE WHO ARE NOT INCLUDED IN POPULATION COUNTS OR FUNDING FORMULAS BUT WHO SHOW UP AT THE DOORS OF LOCAL GOVERNMENT IN SEARCH OF ASSISTANCE.

THIS NATION HAS A MAJOR PROBLEM. WE HAVE MILLIONS OF PEOPLE WHO ARE OUT OF WORK. WE HAVE MILLIONS MORE WHO HAVE NO TRAINING. AND YET WE ARE TOLD BY THE ECONOMIC FORECASTERS THAT WE STAND ON THE VERGE OF A GROWING LABOR SHORTAGE IN THE MIDDLE AND LATE 1980S. WE MUST TAKE THE STEPS NECESSARY TO INSURE THAT NO SHORTAGE EVER OCCURS. WE CERTAINLY HAVE THE HUMAN RESOURCES IN THE MILLIONS OF PEOPLE CURRENTLY OUT OF WORK AND IN THE MILLIONS MORE WHO JUST NEED TRAINING IN ORDER TO BE READY FOR WORK.

SINCE 1974 THIS NATION HAS HAD AN EMPLOYMENT AND TRAINING POLICY THAT RECOGNIZES THAT, WHILE UNEMPLOYMENT IS A NATIONAL PROBLEM, IT OCCURS AT THE LOCAL LEVEL AND IS BEST RESOLVED AT THAT LOCAL LEVEL. IT HAS BEEN A POLICY THAT HAS SURVIVED THROUGH MANY CHANGES BUT THAT HAS RESULTED IN AN EMPLOYMENT AND TRAINING SYSTEM THAT ADDRESSES THE LOCAL NEEDS OF STRUCTURALLY UNEMPLOYED PEOPLE, MEASURES THOSE NEEDS AGAINST RESOURCES, AND DEVELOPS WAYS TO MEET THOSE NEEDS.

I WILL NOT BELABOR YOU WITH STATISTICAL DATA ON THE SUCCESS OF THE CETA SYSTEM. I AM CERTAIN THAT YOU HAVE ACCESS TO AND WILL HEAR FROM THE GROWING NUMBER OF EMPLOYMENT AND TRAINING EXPERTS WHO ARE FINDING THAT THE CETA SYSTEM HAS GROWN FROM A FLOUNDERING INFANT TO A MATURE ADULT AND THAT INCREASING NUMBERS OF PRIME SPONSORS ARE DEMONSTRATING IMPRESSIVE PROGRAM EFFECTIVENESS. CETA HAS WORKED, AND IT HAS WORKED WELL. IT HAS WORKED IN ALL AREAS OF THE COUNTRY, AND IN ALL SIZES OF LOCAL PROGRAMS. INCREASING NUMBERS OF PRIME SPONSORS HAVE BECOME SUFFICIENTLY SOPHISTICATED IN THEIR SELF-ASSESSMENT PROCESS TO BEGIN COST-EFFECTIVENESS ANALYSES OF THEIR OWN PROGRAM COMPONENTS. DENVER, COLORADO, SEATTLE, WASHINGTON AND FORT LAUDERDALE FLORIDA ARE THREE THAT HAVE DONE THIS. IN EVERY CASE THE ANALYSIS HAS DEMONSTRATED THAT CETA PAYS FOR ITSELF AND RETURNS MONEY TO THE COMMUNITY.

THERE IS ONE STATISTIC THAT YOU MAY NOT HEAR FROM OTHERS DURING THE COURSE OF THESE HEARINGS. CONSIDERING THE NUMBER OF PRIME SPONSORS PROVIDING EMPLOYMENT AND TRAINING SERVICES, AND MODESTLY ESTIMATING AN AVERAGE OF 30 STAFF PEOPLE IN THOSE PRIME SPONSOR PROGRAMS, JUST AT THE PLANNING AND THE ADMINISTRATIVE LEVEL ALONE, BY THE END OF FY82 THE CURRENT PRIME SPONSOR SYSTEM WILL HAVE ACCUMULATED

OVER 200 MILLION MAN HOURS IN THE DEVELOPMENT AND IMPLEMENTATION OF LOCAL TARGETED EMPLOYMENT AND TRAINING PROGRAMS. THAT IS PERHAPS THE MOST IMPRESSIVE OJT PROGRAM I KNOW OF AND REPRESENTS A VAST WEALTH OF EXPERTISE. SEVERAL MEMBERS OF THE COMMITTEE ARE PERSONALLY AWARE OF THE FINE ADMINISTRATIVE REPUTATION OF LOUISVILLE'S CETA PROGRAM AND ITS COMPETENT STAFF, HEADED BY MR. STEVE ZIMMER. WE HAVE EXPERTISE THAT SHOULD BE BUILT ON, NOT ABANDONED, ESPECIALLY IN CRUCIAL TIMES LIKE THESE.

IN THE YEARS SINCE LATE 1973, WHEN CETA WAS FIRST ENACTED, WE HAVE BEEN RESPONSIBLE FOR CETA PROGRAMS AND HAVE LEARNED MANY LESSONS ABOUT THE DELIVERY OF TRAINING PROGRAMS. WE HAVE ACCUMULATED A WEALTH OF EXPERTISE AS OUR STAFFS HAVE "LEARNED BY DOING" AND HAVE DEVELOPED A SOUND UNDERSTANDING OF STRUCTURAL UNEMPLOYMENT. IT MAKES NO SENSE TO ABANDON THAT SYSTEM NOW THAT IT HAS ACHIEVED A DEGREE OF PROFESSIONALISM AND QUALITY. CERTAINLY, THERE ARE IMPROVEMENTS TO BE MADE. BUT IT MAKES MORE SENSE TO BUILD THOSE IMPROVEMENTS ONTO AN ESTABLISHED AND EFFECTIVE SYSTEM THAN TO START OVER FROM THE BEGINNING. AMERICA DOES NOT NEED, NOR CAN IT AFFORD, TO THROW AWAY EXPERIENCE AND PROGRAMS, AND NEITHER CAN LOUISVILLE.

FURTHER, IN RECENT YEARS CETA HAS BECOME A MECHANISM FOR BRINGING THE PUBLIC AND PRIVATE SECTORS TOGETHER. THAT NEW PARTNERSHIP IN MANY CITIES NOW INCLUDES MUCH MORE THAN TRAINING. IT INCLUDES A WIDE RANGE OF ECONOMIC DEVELOPMENT ACTIVITIES, INCLUDING DOWNTOWN REVITALIZATION AND THE CREATION OF LOCAL ENTERPRIZE ZONES. IN LOUISVILLE, WE ARE PREPARED AND ANXIOUS TO LINK OUR EMPLOYMENT AND TRAINING PROGRAM TO THE PROPOSED NATIONAL ENTERPRISE ZONE LEGISLATION. WE ARE ALSO NOW POISED TO BEGIN ASSISTING EMPLOYERS IN FILLING NEW

JOBS CREATED IN OUR 135 MILLION DOLLAR GALLERIA PROJECT, LOCATED IN THE HEART OF OUR CITY'S CENTRAL BUSINESS DISTRICT. THIS IS A TRUE PUBLIC-PRIVATE PARTNERSHIP -- TRAINING AND PLACING INDIVIDUALS IN NEW PRIVATE SECTOR JOBS CREATED THROUGH ECONOMIC DEVELOPMENT INITIATIVES.

IT IS IMPORTANT TO HAVE A NATIONAL POLICY THAT CALLS FOR THE INCREASED INVOLVEMENT OF THE PRIVATE SECTOR IN THE RESOLUTION OF SOCIAL AND ECONOMIC PROBLEMS. BUT THOSE PROBLEMS OCCUR AT THE LOCAL LEVEL. AND BUSINESSES ARE LOCATED IN COMMUNITIES -- LOUISVILLE IS NO EXCEPTION. BUSINESSES ARE AFFECTED BY LOCAL PROBLEMS AS MUCH AS ANY OTHER GROUP OR ORGANIZATION IN THOSE COMMUNITIES.

FOR THAT REASON, AS EVIDENT BY OUR GALLERIA PROJECT, IT IS LOGICAL THAT THE MOST EFFECTIVE PUBLIC-PRIVATE PARTNERSHIPS WILL OCCUR IN OUR CITIES AND COUNTIES. IN THE CASE OF TARGETED EMPLOYMENT AND TRAINING PROGRAMS, LOCAL ELECTED OFFICIALS, AS REPRESENTATIVES OF THE BUSINESS COMMUNITY AND OF THE STRUCTURALLY UNEMPLOYED PEOPLE, ARE BEST SUITED TO ADMINISTER OR TO DETERMINE THE MOST APPROPRIATE ADMINISTRATOR OF SUCH PROGRAMS. WE ELECTED CITY AND COUNTY OFFICIALS KNOW THAT THE PRIVATE SECTOR SHOULD BE ACTIVELY INVOLVED IN THOSE APSECTS OF THE PROGRAM THAT ARE RELATED TO LABOR MARKET NEEDS, SUCH AS THE DETERMINATION OF TRAINING PROGRAMS AND THE ESTABLISHMENT OF COMPETENCY LEVELS. HOWEVER, PLANNING DECISIONS AND PROGRAM ADMINISTRATION ARE FUNCTIONS WHICH SHOULD BE A PUBLIC RESPONSIBILITY. WHILE INPUT SHOULD BE RECIEVED AND CONSIDERED FROM THE PRIVATE SECTOR, COMMUNITY-BASED ORGANIZATIONS, LABOR ORGANIZATIONS, AND OTHER INTERESTED GROUPS, THE FINAL DECISION MAKING AUTHORITY SHOULD REST WITH THE ELECTED OFFICIAL OR ELECTED BODY ACCOUNTABLE FOR PROGRAM PERFORMANCE. HOWEVER, THIS PUBLIC RESPONSIBLITY DOES NOT PRECLUDE

THE PRIVATE SECTOR FROM HAVING CONCURRENCE AUTHORITY IN THE DETERMINATION OF SKILLS TO BE TAUGHT AND COMPETENCY LEVELS TO BE ACHIEVED.

CETA WAS ORIGINALLY DESIGNED AS A PROGRAM THAT IS TARGETED TO THOSE PEOPLE WHO HAVE ECONOMIC, EDUCATIONAL OR SOCIAL BARRIERS TO EMPLOYMENT. WHEN THE PROGRAM WAS REAUTHORIZED IN 1978, THE EMPHASIS ON SERVING ECONOMICALLY DISADVANTAGED AND STRUCTURALLY UNEMPLOYED PEOPLE WAS INCREASED. THE CONFERENCE OF MAYORS URGES THAT THIS TARGETING BE CONTINUED IN ANY NEW EMPLOYMENT AND TRAINING LEGISLATION. THE COSTS TO CITIES, STATES AND THE NATION WHEN PEOPLE ARE POORLY EDUCATED AND ILL-EQUIPPED FOR EMPLOYMENT ARE FAR GREATER THAN THE COSTS OF TRAINING. THIS TARGETING, HOWEVER, SHOULD BE NO MORE RESTRICTIVE THAN CURRENT LEGISLATION.

OUR NATIONAL AND LOCAL ECONOMIC AND UNEMPLOYMENT PROBLEMS WILL NOT SUBSTANTIALLY IMPROVE UNTIL WE RECOGNIZE THAT MANPOWER -- HUMAN RESOURCES AND HUMAN CAPITAL-- IS NO LESS AN ASSET THAN INVESTMENT CAPITAL. THE TARGETED EMPLOYMENT AND TRAINING PROGRAM IS ONE MAJOR PUBLIC AVENUE, IN CONCERT WITH THE PRIVATE SECTOR, WHICH ADDRESSES THIS REALITY.

FEDERAL EXPENDITURES FOR EMPLOYMENT AND TRAINING ARE AN INVESTMENT IN OUR NATION'S AND OUR COMMUNITY'S HUMAN CAPITAL ASSET. DOLLARS SPENT ON TRAINING AND PLACING THOSE IN NEED IN JOBS ARE RETURNED IN THE FORM OF FEDERAL, STATE AND LOCAL TAX REVENUES, AS THESE INDIVIDUALS ENTER THE MAINSTREAM OF AMERICA'S WORKFORCE. THESE WORKERS REPAY NOT ONLY THE "LOAN" MADE TO THEM FOR THEIR TRAINING, BUT ALSO THE "LOANS" MADE TO THEIR COMPATRIOTS WHO WERE NOT SUCCESSFUL IN FINDING EMPLOYMENT.

THE PEOPLE WHO ARE SERVED BY A TARGETED PROGRAM OF THIS TYPE ARE OFTEN POORLY EQUIPPED TO SUPPORT THEMSELVES WHILE UNDERGOING TRAINING. THE ABILITY TO DO SO VARIES BY INDIVIDUAL AS WELL AS BY COMMUNITY. FOR THAT REASON, IT IS IMPORTANT THAT LOCAL PROGRAMS BE GIVEN THE AUTHORITY TO DETERMINE THE NEED FOR A TRAINING ALLOWANCE OR STIPEND TO PARTICIPANTS AND TO DETERMINE THE AMOUNT THAT PARTICIPANTS SHOULD BE PAID. IN MANY COMMUNITIES THE MINIMUM WAGE-BASED ALLOWANCE REQUIRED UNDER CETA HAS PROVEN TO BE A DISINCENTIVE. THIS WAS NOT THE CASE EVERYWHERE, HOWEVER. LOCAL FLEXIBILITY IS NECESSARY TO DETERMINE PARTICIPANT NEEDS AND TO DEVELOP THE APPROPRIATE SUPPORTIVE SERVICES AND STIPEND PAYMENTS, IF ANY, NECESSARY TO PROVIDE EFFECTIVE TRAINING SERVICES. INCLUDED IN THIS FLEXIBILITY SHOULD BE THE AUTHORITY TO DO SUCH THINGS AS DEVELOP PART TIME WORK EXPERIENCES WHICH WILL INTRODUCE PARTICIPANTS TO THE WORLD OF WORK WHILE SIMULTANEOUSLY ALLOWING THEM TO SUPPORT THEMSELVES WHILE IN A TRAINING PROGRAM THAT PAYS NO ALLOWANCE OR STIPEND.

THERE ARE NOW SEVERAL BILLS UNDER CONSIDERATION IN THE HOUSE AND SENATE COMMITTEES WHICH ADDRESS THE NEED TO CONTINUE TARGETED EMPLOYMENT AND TRAINING PROGRAM. THE CONFERENCE OF MAYORS DEEPLY APPRECIATES THE FACT THAT CONGRESSMEN HAWKINS AND JEFFORDS AND SENATORS QUAYLE, KENNEDY AND HATCH, AS WELL AS THE OTHER CO-SPONSORS, HAVE TAKEN STRONG STEPS TO INSURE THAT THE FEDERAL ROLE IN EMPLOYMENT AND TRAINING BE CONTINUED.

THE THREE BILLS THAT WERE INTRODUCED BY CONGRESSMAN HAWKINS, CONGRESSMAN JEFFORDS, AND SENATORS QUAYLE AND KENNEDY RECOGNIZE THE IMPORTANCE OF KEEPING PLANNING AND IMPLEMENTATION AT THE LOCAL LEVEL. ALL THREE BILLS TARGET SERVICES TO ECONOMICALLY DISADVANTAGED AND

STRUCTURALLY UNEMPLOYED PEOPLE. ALL THREE BILLS INCREASE THE INVOLVEMENT OF THE PRIVATE SECTOR LEVEL. HOWEVER, ONLY CONGRESSMAN HAWKINS' "COMMUNITY PARTNERSHIP FOR EMPLOYMENT AND TRAINING ACT" PROVIDES THE TYPE OF LOCAL SERVICE DELIVERY SYSTEM THAT WILL BE BEST ABLE TO MEET THE NEEDS OF THE PROGRAM PARTICIPANTS, THE LOCAL BUSINESSMAN AND THE COMMUNITY-AT-LARGE.

THE NEEDS OF ALL THREE OF THESE GROUPS MUST BE CONSIDERED IN THE DEVELOPMENT OF A TRAINING PROGRAM. THE COMMUNITY-AT-LARGE, COMPRISED OF FEDERAL TAXPAYERS, PAYS FOR THE PROGRAM AND, CONSEQUENTLY, WANTS ITS MONEY TO HAVE A POSITIVE IMPACT UPON THE COMMUNITY. THE PRIVATE SECTOR BUSINESSMAN NEEDS A TRAINED LABOR FORCE AND HAS A MAJOR INTEREST IN THE QUALITY OF THE TRAINING THAT IS PROVIDED. OF COURSE, THE PARTICIPANT'S FUTURE OFTEN RESTS ON THE QUALITY OF THE TRAINING AND SERVICES THAT ARE RECIEVED.

THE LOCAL CHIEF ELECTED OFFICIAL REPRESENTS ALL THREE GROUPS THAT HAVE AN INTEREST IN THE TARGETED EMPLOYMENT AND TRAINING PROGRAM. THE "COMMUNITY PARTNERSHIP FOR EMPLOYMENT AND TRAINING ACT" RECOGNIZES THAT FACT BY PLACING RESPONSIBILITY FOR THE PROGRAM WITH THE UNIT OF LOCAL GOVERNMENT. THE CONFERENCE OF MAYORS FEELS THAT THIS IS CRITICAL TO THE SUCCESS OF THE LOCAL PROGRAM.

THE HAWKINS BILL ALLOWS FOR SUBSIDIZED PUBLIC SECTOR EMPLOYMENT. THIS TYPE OF ACTIVITY IS ESSENTIAL FOR MANY COMMUNITIES TO ATTEMPT TO ADDRESS EMPLOYMENT AND TRAINING NEEDS. WHEN CETA WAS AUTHORIZED IN 1973, PSE WAS AN ALLOWABLE ACTIVITY UNDER THE OLD TITLE I. IF THERE IS CONCERN ABOUT THIS ACTIVITY, THEN IMPOSE RETRICTIONS, SUCH AS ALLOWING ENTRY LEVEL POSITIONS ONLY, PLACING 12-18 MONTH TIME LIMITS ON PARTICIPATION, AND IMPOSING TRANSITION OR PLACEMENT REQUIREMENTS.

THE UNFAIRLY MALIGNED PUBLIC SERVICE COMPONENT OF CETA WAS A SUCCESSFUL PROGRAM. DURING THE PSE PHASE OUT LAST YEAR, IN LOUISVILE 43.2%, OR 304 OF ALL PSE LAY-OFFS WERE PLACED IN JOBS, DESPITE THE DEPRESSED LOCAL ECONOMY. IN ADDITION 71.1%, OR 216 OF THOSE WERE PRIVATE SECTOR PLACEMENTS. SURELY STATISTICS SUCH AS THESE REFUTE THE MYTHS THAT PSE JOBS WERE MAKE-WORK DEAD-END JOBS WITH NO EQUIVALENT IN THE PRIVATE SECTOR.

THE HAWKINS BILL ALSO WISELY RETAINS THE CURRENT PRIME SPONSOR DELIVERY SYSTEM, THUS INSURING THAT THE YEARS OF EXPERTISE WILL NOT BE LOST AND THAT PUBLIC FUNDS WILL BE ADMINISTERED BY LOCAL ELECTED OFFICIALS TO SOLVE LOCAL PROBLEMS. LOCAL ELECTED OFFICIALS ARE IN THE BEST POSSIBLE POSITION TO MAKE THE MOST EFFECTIVE AND EFFICIENT USE OF ALL RESOURCES IN THE COMMUNITY, INCLUDING EDUCATION AND VOCATIONAL EDUCATION INSTITUTIONS, COMMUNITY-BASED ORGANIZATIONS, SKILL CENTERS, LABOR ORGANIZATIONS, AND PRIVATE SECTOR EMPLOYERS.

AT THE SAME TIME, THE BILL TAKES SIGNIFICANT STEPS TO ELIMINATE POOR PERFORMERS BY DEVELOPING A PERFORMANCE BASED SYSTEM. POOR PERFORMERS WILL BE DEFUNDED. IF THE DELIVERY SYSTEM WERE BAD, IT WOULD MAKE SENSE TO DO AWAY WITH IT. BUT THE OVERWHELMING EVIDENCE IS THAT THERE ARE A LARGE NUMBER OF DEMONSTRATEDLY EFFECTIVE PRIME SPONSORS IN THE CURRENT SYSTEM. A LARGE NUMBER OF THOSE EFFECTIVE PROGRAMS ARE IN THE SMALLER COMMUNITIES OF 100,000 - 200,000 PEOPLE. TO REDESIGN THE SYSTEM, AS IS SUGGESTED IN THE OTHER BILLS, WILL NOT NECESSARILY LEAD TO AN IMPROVED PROGRAM. ONLY SOUND, ENFORCED PERFORMANCE STANDARDS WILL ELIMINATE THE POOR PERFORMERS WHILE KEEPING THE BEST. THIS NOT ONLY MAKES SENSE FROM A PROGRAMMATIC STANDPOINT, BUT IT HAS TO BE MORE COST EFFECTIVE THAN STARTING ALL OVER.

HOWEVER, THERE ARE SEVERAL CHANGES THAT THE CONFERENCE OF MAYORS WOULD LIKE TO SEE IN THE HAWKINS BILL. FIRST, THE BILL GIVES THE PRIVATE INDUSTRY COUNCIL CONCURRENCE AUTHORITY WITH THE ELECTED OFFICIAL FOR THE ENTIRE PLAN. CERTAINLY IT MAKES SENSE TO GIVE THE PIC CONCURRENCE AUTHORITY IN THOSE AREAS WHICH SHOULD BE ITS CONCERN: DETERMINATION OF THE TRAINING THAT IS PROVIDED AND THE COMPETENCY LEVELS THAT SHOULD BE ACHIEVED. HOWEVER, ULTIMATE RESPONSIBILITY FOR THE PLAN SHOULDD REST WITH THE ELECTED OFFICIAL WHO IS PROGRAMMATICALLY AND FISCALLY ACCOUNTABLE FOR IMPLEMENTATION, AT LEAST IN THOSE AREAS OUTSIDE OF THE REALM OF TRAINING AND COMPETENCY LEVELS. THIS INCLUDES SUCH THINGS AS DEVELOPMENT OF THE ELIGIBILITY DETERMINATION PROCEDURES, IDENTIFICATION OF THE COMMUNITY'S TARGET GROUPS AND DEVELOPMENT OF METHOD FOR INSURING THAT ALL SUCH GROUPS ARE PROVIDED SERVICES, DEVELOPMENT OF FISCAL PROCEDURES AND MANAGEMENT INFORMATION SYSTEM PROCEDURES.

SECOND, THE HAWKINS BILL SETS THE ALLOWANCE PAYMENT AT THE FEDERAL MINIMUM WAGES. AS STATED EARLIER, THE CONFERENCE OF MAYORS BELIEVES THAT THE DECISION TO PAY A TRAINING ALLOWANCE OR STIPEND AND THE DETERMINATION OF THE AMOUNT SHOULD BE A LOCAL OPTION BASED ON LOCAL NEEDS. ALTHOUGH THE HAWKINS BILL INCLUDES A PROVISION WHICH WOULD ALLOW LOCAL FLEXIBILITY, THAT FLEXIBILITY SHOULD BE MORE CLEARLY STATED TO PREVENT UNNECESSARY REGULATORY PROVISIONS WHICH HAMPER LOCAL DETERMINATION OF ALLOWANCE PAYMENT LEVELS.

THIRD, THE CONFERENCE OF MAYORS WOULD LIKE TO SEE THE PROGRAM YEAR AND THE TWO YEAR SPENDING PROVISION OF THE QUAYLE-KENNEDY BILL INCLUDED IN THE HAWKINS LEGISLATION. THE PROGRAM YEAR WOULD ELIMINATE WHAT HAS BEEN A MAJOR PROBLEM IN RECENT YEARS AS PRIME SPONSORS HAVE

ENTERED FISCAL YEARS WITHOUT ALLOCATIONS.

FOURTH, THE CONFERENCE OF MAYORS LIKES THE TWO YEAR PLANNING CYCLE PROVIDED IN CONGRESSMAN JEFFORDS' "PRODUCTIVITY AND HUMAN INVESTMENT ACT", AS WELL AS THE PROVISIONS FOR "TRY-OUT EMPLOYMENT" AND WOULD LIKE TO SEE THOSE IN THE HAWKINS BILL. JEFFORDS' EMPLOYMENT BONUS PROVISION COULD ALSO BE A USEFUL INCENTIVE TO THE PRIVATE SECTOR AND SHOULD BE CAREFULLY CONSIDERED.

FIFTH, THE CONFERENCE OF MAYORS SUPPORTS THE ESTABLISHMENT AND ENFORCEMENT OF PERFORMANCE STANDARDS AS A MEANS OF IMPROVING THE DELIVERY SYSTEM. HOWEVER, WE MUST CAUTION AGAINST PERFORMANCE STANDARDS, EVEN FOR ADULTS, THAT ARE BASED ENTIRELY ON EMPLOYMENT RELATED CRITERIA. THE NEW PROGRAM WILL BE A TRAINING PROGRAM. WHILE IT IS HOPED THAT EVERYONE WHO IS TRAINED WILL GET A JOB, CERTAINLY IT IS NOT WITHIN THE AUTHORITY OR SCOPE OF THE TRAINING PROGRAM TO INSURE THAT SUCH A THING OCCURS. WHILE IT WOULD NOT BE DESIRABLE TO ELIMINATE ALL EMPLOYMENT RELATED CRITERIA FOR PERFORMANCE STANDARDS, IT WOULD BE HELPFUL TO ADD SUCH OTHER CRITERIA AS THE RATE OF SUCCESSFUL TRAINING COMPLETIONS OR THE ATTAINMENT OF ESTABLISHED TRAINING COMPETENCIES. ALSO, A STANDARD BASED ON TRAINING-RELATED PLACEMENTS MIGHT BE MORE OF AN INDICATOR OF PROGRAM EFFECTIVENESS THAN A SIMPLE JOB PLACEMENT RATE. FINALLY, STANDARDS SHOULD BE BASED ON NATIONAL CRITERIA BUT ESTABLISHED IN REFLECTION OF LOCAL CONDITIONS.

SIXTH, 10% OF THE GENERAL TRAINING FUNDS WILL BE MADE AVAILABLE TO PRIME SPONSORS WHO PUT UP A NON-FEDERAL MATCH. THIS PROVISION, WHILE INTRIGUING, COMES AT A TIME WHEN LOCAL GOVERNMENTS, INCLUDING LOUISVILLE AND JEFFERSON COUNTY, ARE FACING SEVERE CUT BACKS IN FEDERAL FUNDS AND A CONSEQUENT UNPRECEDENTED STRAIN ON LOCAL TAXES.

IT THEREFORE WOULD NOT BE IN THE INTERESTS OF THE PROGRAM TO REQUIRE A LOCAL MATCH FOR ANY PORTION OF THE FUNDS TO LOCAL COMMUNITIES. THE COMMUNITIES THAT COULD AFFORD IT WOULD BE THOSE THAT PERHAPS ARE IN LEAST NEED.

TO THIS POINT MY COMMENTS HAVE FOCUSED ON THE BASIC TRAINING COMPONENT IN THE HAWKINS BILL. HOWEVER, THE BILL ALSO HAS A PROGRAM FOR DISPLACED WORKERS AND AN ECONOMIC ADJUSTMENT PROGRAM. THE CONFERENCE OF MAYORS RECOGNIZES THE NEED TO ADDRESS THE PROBLEM OF DISPLACED WORKERS AND SUPPORTS THE CONCEPT AS SET FORTH IN THE HAWKINS AS WELL AS IN THE QUAYLE-KENNEDY BILLS. THIS IS PARTICULARLY IMPORTANT TO LOUISVILLE AND JEFFERSON COUNTY. SOME OF OUR MAJOR INDUSTRIAL EMPLOYERS, SUCH AS GENERAL ELECTRIC AND INTERNATIONAL HARVESTER, HAVE LAYED-OFF THOUSANDS OF WORKERS AND PERMANENTLY REDUCED THEIR WORK FORCE WITHOUT ANY EXPECTATIONS OF RETURNING TO PREVIOUS LEVELS. A SPECIAL COMPONENT TO ADDRESS THE RETRAINING NEEDS OF AFFECTED WORKERS IS VITALLY NEEDED. HOWEVER, WE FEEL THAT CAUTION SHOULD BE TAKEN THAT THE TARGETED PROGRAM AND THE DISPLACED WORKER PROGRAM ARE NOT PLACED IN COMPETITION WITH EACH OTHER FOR THE FEDERAL DOLLAR. WE SUGGEST THAT, IN ADDITION TO THE FUNDS SOUGHT THROUGH THIS LEGISLATION, OTHER SOURCES BE EXPLORED, SUCH AS EMPLOYER CONTRIBUTIONS TO UNEMPLOYMENT INSURANCE.

WITH REGARD THE ECONOMIC ADJUSTMENT PROGRAM, THE CONFERENCE CONTINUES TO SUPPORT THE CONCEPT OF FEDERAL ASSISTANCE TO AREAS EXPERIENCING HIGH UNEMPLOYMENT. IN SUCH AREAS IT IS UNREALISTIC AND UNFAIR TO EXPECT THE PRIVATE SECTOR TO CARRY THE BURDEN ON ITS OWN. IN SUCH AREAS, THE PROPOSED ECONOMIC ADJUSTMENT PROGRAM WILL PROVIDE THE FUNDS TO MINIMIZE THE DAMAGE DONE BY THE SAGGING ECONOMY WHILE

PREPARING PEOPLE TO TAKE PRIVATE SECTOR JOBS WHEN THE ECONOMY REBOUNDS.

THE ADMINISTRATION HAS VERY RECENTLY INTRODUCED ITS BILL, THE TRAINING FOR JOBS ACT. WE ARE PLEASED THAT THE ADMINISTRATION ALSO RECOGNIZES THE NEED TO CONTINUE A FEDERAL ROLE IN THE PROVISION OF TARGETED EMPLOYMENT AND TRAINING PROGRAMS. HOWEVER, WE ARE CONCERNED THAT THE BILL, MORE THAN ANY OTHER BILL ON THE TABLE, DISCOURAGES THE USE OF THE EXISTING DELIVERY SYSTEM. WE ARE ALSO CONCERNED THAT THERE IS NO MEANINGFUL ROLE FOR LOCAL ELECTED OFFICIALS, THAT THERE IS NO PROVISION TO INSURE THAT ALL AREAS OF A STATE WILL RECEIVE SERVICES, THAT THE TARGET GROUPS HAVE BEEN SO SEVERELY RESTRICTED THAT THEY WILL KNOCK OUT MANY HEADS OF HOUSEHOLDS AND OTHER ADULTS THAT ARE IN NEED OF THE PROGRAM, THAT TRAINING ALLOWANCES AND STIPENDS ARE PROHIBITED, AND THAT NO TYPE OF WORK EXPERIENCE ACTIVITY IS ALLOWED. AS STATED EARLIER, EMPLOYMENT PROBLEMS OCCUR LOCALLY. BUSINESSES ARE LOCATED IN COMMUNITIES. THE BEST WAY TO ADDRESS THESE PROBLEMS IS WITH A LOCAL PUBLIC/PRIVATE PARTNERSHIP. FURTHER, PUBLIC FUNDS SHOULD BE ADMINISTERED BY PUBLIC OFFICIALS.

IN CLOSING, THE PROBLEMS THAT ARE BEING ADDRESSED DURING THESE HEARINGS ARE EXTREMELY COMPLEX. THERE ARE MANY MORE ISSUES THAN THE ONES THAT I HAVE ADDRESSED HERE. HOWEVER, BOTH THE CONFERENCE AND I FELT THAT IT WOULD BE AN EXERCISE IN CONFUSION TO ATTEMPT TO ADDRESS ALL ISSUES. THE ISSUES WE HAVE EXAMINED ARE OF MAJOR IMPORTANCE TO THE CONFERENCE OF MAYORS AND TO THE CITY OF LOUISVILLE. CERTAINLY OTHER ORGANIZATIONS WILL ADDRESS THOSE THAT ARE IMPORTANT TO THEM.

THE CONFERENCE OF MAYORS SUPPORTS THE CURRENT EMPLOYMENT AND TRAINING DELIVERY SYSTEM AS A DEMONSTRATEDLY EFFECTIVE MEANS OF ADDRESSING THE TRAINING NEEDS OF THE STRUCTURALLY UNEMPLOYED. WE URGE THAT THE BEST OF THAT SYSTEM BE RETAINED, THAT THE IMPROVABLE PROGRAMS BE IMPROVED AND THAT, THROUGH A SYSTEM OF PERFORMANCE STANDARDS, THE POOR PERFORMERS BE ELIMINATED. THAT IS THE BEST AND MOST EFFECTIVE WAY TO IMPROVE THE QUALITY OF EMPLOYMENT AND TRAINING PROGRAMS.

Representative **Hawkins**. The next witness is the Honorable Donald Fraser, mayor of the city of Minneapolis, Minn. Mayor Fraser, we are very pleased to welcome you back to the Halls of Congress where you served with great distinction as a Member of this body. We certainly felt a sense of pride in your career since leaving this body. We are very pleased that there is something after Congress.

Thank you. You may proceed.

Mayor **Fraser**. Thank you very much, Mr. Chairman.

I am Don Fraser, mayor of the city of Minneapolis. I am also chairman of the National League of Cities' Human Development Committee, and I am testifying on behalf of the League. The League has 15,000 cities as members, and they range in size from New York City to Scotland Neck, N.C.

Mr. Chairman, let me thank you and Congressman Jeffords and Senators Quayle and Kennedy for the work you have been doing on this legislation. This is really an important problem, and I am delighted that you are spending this much time in looking at what kind of legislation to put to the floor whenever you are through with markup.

I will put my formal statement in the record, if I may, and I will make just a few points here. First, our judgment is that CETA deserves better than it gets. Some people would rank it an F; I think we would probably give it about a B minus. It has done a lot of good and it has potential for even more good.

Second, there is some impression that local officials aren't very interested in these programs. While it is difficult to generalize with accuracy, I think it is fair to say that those mayors that I know and those councilmen that I know are keenly interested in the CETA program, the jobs training program, and they want to continue to play a part.

Now, I have six specific suggestions that I would like to make:

First, we do agree with the general emphasis of greater private-sector involvement. We think that is good, provided they keep an appropriate role, which is to help in providing training, to select deliverers of training, identifying jobs, and determining the kind of training that is needed.

Second, we agree with the bills in providing for adequate and timely funding. I think one bill has a July program start and I think yours, Mr. Chairman, provides for 2 years advance funding.

Third, we would urge retaining current eligibility criteria.

Fourth, special consideration for areas of substantial unemployment, including the flexible use of subsidized employment.

Fifth, to stop the State-operated service for displaced workers.

Sixth, adequate bonuses and incentives when prime sponsors do achieve national objectives.

Let me make one point: None of the legislative proposals that are pending have specific provision for a summer jobs program. Some would permit it, but none specifically identifies it as a separate item. I think the administration bill makes no provision for it, and would probably prohibit it—that is, one could not use the money for the summer youth program. This is a terribly important program for our city and for many cities. I think it would be unfortunate if that were to disappear.

Finally, Mr. Chairman, I want to simply say that, in our city, we have succeeded to a considerable degree because we have built the concept of partnership between the public and private sector. We have a business community with a high level of social responsibility, they are cooperating in many ways to make our city better, and they are working with us on jobs programs. We think that it would be very helpful if the Congress would continue this program with adequate levels of funding, which clearly ought to be as close to $4 billion or above as possible.

Mr. Chairman, I appreciate the opportunity to be here. It is a great pleasure to return to the Halls of Congress.

Representative HAWKINS. Thank you.

[The prepared statement of Mayor Fraser follows:]

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STATEMENT OF
THE HONORABLE DONALD FRASER
MAYOR OF MINNEAPOLIS, MINNESOTA

on behalf of

THE NATIONAL LEAGUE OF CITIES

on

H.R. 5320, H.R. 5461, S. 2036 and S. 2148

EMPLOYMENT AND TRAINING

before the

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

HOUSE COMMITTEE ON EDUCATION AND LABOR

and the

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES

March 16, 1982

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Mr. Chairmen and members of the House and Senate Subcommittees. I am Don Fraser, Mayor of Minneapolis and Chairman of the National League of Cities' Human Development Committee. I am testifying on behalf of the League of Cities and the 15,000 cities--ranging in size from New York City to Scotland Neck, North Carolina--which NLC represents.

First and foremost, we would like to thank each of you, most especially Congressmen Hawkins and Jeffords and Senator Quayle, for the time and energy you have invested in the development of a viable employment and training initiative. While it can come as no surprise that we like one bill substantially more than the others, we do appreciate the concern that each of you has expressed for continuing the federal commitment to enhancing the employability of our disadvantaged citizens. Second, I think it fair to say, that we do not envy you the task ahead. Balancing the competing interests of the Administration, the States, local governments, the private sector and all the others interested in the vital questions before you--to develop a law which more effectively addresses the problems of the disadvantaged in securing unsubsidized, long-term employment--is no mean feat. We wish you well and offer you our assistance and cooperation in the difficult times that face you.

It is our opinion that a January 1982 publication by the National Council on Employment Policy, entitled "Management of Remedial Employment and Training Programs in the 1980s," most adequately frames the debate before you: "The critical issues are (1) what has CETA accomplished? (2) what are the problems associated with the...new designs that have been suggested? and (3) what incremental reforms are required and possible?"

(1) What Has CETA Accomplished?

We believe local government prime sponsors have been effective stewards of the federal funds entrusted to them under CETA. Like many other programs, such as Headstart, CETA has not enjoyed the luxury of being an instant success. Given conflicting objectives, never-ending changes in law and regulations, and the continual uncertainty of funding, there was little reason to expect that it would succeed at all.

Despite these obstacles, CETA has returned benefits well in excess of its cost to both society in general and to the participants in particular. Current data indicate that in terms of earnings gains, increased employability, and significant improvement in basic skills competancy, CETA has improved substantially the circumstances of those it was intended to serve. Local government prime sponsors have effectively ensured that those with the least political clout --individuals at the bottom of the economic scale--have been afforded an opportunity to participate in employment and training programs and thus improve the quality of their lives.

We consider it indeed unfortunate that the statistics demonstrating the positive results of the significant federal investment in employment and training programs operated at the local level did not precede the momentum for change. One should not, however, expect to measure the gains to participants within a short time span. Most especially with youth, whether CETA has a measurable positive impact could not have been determined until they reached maturity.

(2) Problems with the New Designs

The major legislative proposals before you--S. 2036, H.R. 5320, H.R. 5461 and the Administration's bill--are complex. In the broad spectrum of employment and training issues, we have two overriding concerns: the proposed increased involvement of the States and the appropriate role of the private sector in a targeted employment training program.

While it may be risky to generalize, to one degree or another we see in all but one of the proposals before you a "furtive hope that somehow the governors...will consolidate, coordinate and make everything better."[1]

The impetus for the "New Federalism" in our view contradicts exactly what is being proposed. The Administration is attempting to return more authority and responsibility to other levels of government because the Federal Government is too monolithic to manage programs to meet the diverse needs of all segments and sections of a country as large and varied as ours. Yet, in the area of employment and training, there are attempts to move responsibility and authority from that level of government most intimately acquainted with the unique and diverse needs of the community to the next larger level of government. The Administration claims to be acutely attuned to the fact that big is not necessarily better, while at the same time moving an existing effective program from local government--the level of government closest to the people--to the State, often one giant step further removed from the problem. The rhetoric and the rationale simply don't match.

We hear a lot of talk about "block grants." That is exactly what CETA was at its inception. As some of you may remember, the Nixon Administration proposed general revenue sharing and a number of discrete special revenue sharing programs in the early '70s. Manpower Special Revenue Sharing became one of the two block grants that Congress adopted, calling it the "Comprehensive Employment and Training Act of 1973." As time passed, unfortunately, more and more strings were tied to this block grant. Some of those strings can be loosened, others cut, and you will again have an employment block grant worthy of the name. It isn't necessary to dismantle the existing delivery system to get there.

What we see in the process of increasing the role of the State in the design and structure of employment programs at the local level is replacing the federal bureaucracy with the State bureaucracy. Many States, especially the larger ones, are like the Federal Government in microcosm. They are simply too diverse to design and structure the delivery of services to the numerous and varied labor markets within their jurisdictions.

We are also concerned that decision making at the State level would not result in targeting programs at those most in need. The universe of need is far greater than the resources available to address the need and those at the very bottom of the economic scale often have the softest voices--they simply cannot be heard at the State level. Concentrated severe hardship will only be addressed at the local level. Our recent experience with the McKnight Foundation employment program in Minneapolis and St. Paul is that we were overwhelmed with applications from individuals looking for jobs, many of whom were young, low-skilled with poor work histories who could benefit from employment and training opportunities.

And finally--specifically with respect to the Administration's bill--there is no way we can accept, nor should you, the allocation of funds with a State by the various Governors and their job training councils. A federally-funded employment and training program exists because there is and continues to be a perceived national purpose. That national purpose cannot be met by decision-making by the fifty States.

We believe it would be wise policy to build upon the existing prime sponsorship system. Units of general purpose local government with 100,000 or more population have close to ten years of experience with employment and training programs. We have developed an expertise in this field that should not lightly be discarded. And most importantly, as I mentioned earlier, current statistics indicate that current arrangements have been effective and efficient.

Our second major concern is the appropriate role of the private sector in targeted employment training programs.

We are very pleased to see the increased interest the private sector is showing in sharing responsibility for improving the employability of our most disadvantaged citizens. No segment of our communities has greater claim to a key role in training programs than potential employers. It is estimated that private business currently invests $30 to $50 billion a year in training programs. They are the acknowledged experts.

But indeed, training programs in the private sector have, infrequently addressed the problems of the structurally unemployed--individuals with little or no basic skills, individuals with little or no attachment to the labor force, individuals with motivational problems. We are concerned that the ability of the private sector to participate effectively in training the disadvantaged not be oversold or overestimated; that we not build in automatic failure by expecting too much, too soon.

Local governments are more than ready, willing and able to make ample room for our partners in the private sector at the planning table. But we'd prefer to err on the side of caution and increase private sector responsibilities gradually. We don't believe the private sector is ready to take total responsibility for plan development or for administration of programs to serve a target population to which they can bring little experience.

We _do_ believe they can most appropriately develop that part of a local plan which defines the jobs for which training should be made available; that part of a local plan which selects deliverers of training services; and that part of a local plan which sets the standards trainers must meet. We _do_ believe that the private sector at the local level should assess the performance of service deliverers periodically, and that the private sector should be provided with limited subsidized jobs as part of employability development.

We do not believe the private sector should select participants or verify eligibility. Nor do we believe they want that responsibility. We are also very wary of the private sector's ability to provide appropriate remedial education in basic skills. Many companies have begun to provide such services to their employees, but we doubt their readiness to deal with the severely disadvantaged.

We also believe local governments are the most valuable instruments in insuring effective private sector participation in employment training programs.

First, the private sector is organized at the local level, not at the State level. Local elected officials know the key actors in the local corporate sector. In Minneapolis, the public-private partnership, for which we are well known, was developed and nurtured at the local level, private business and local government.

Second, local governments have the basic tools to encourage meaningful private sector involvement. For example, local governments have responsibility for public safety, police and fire protection, for code enforcement, for zoning, trash collection and street maintenance. We are recipients of CDBG funds that can be used to enhance the central business district. How these functions are performed can have a significant impact on the business community and we think they can be used to benefit the participants in training, the business community and the community as a whole.

Expectations anticipated for the private sector need to be more carefully considered and analyzed.

With reference to each of the major proposals before you, I would like to offer some general comments:

(1) H.R. 5320, "The Community Partnership for Employment Act" - While NLC does not endorse specific legislation, this proposal comes closest to NLC policy recommendations for an employment and training initiative. The bill retains and builds on the existing system of prime sponsors. It authorizes adequate funds to operate effective programs and provides for forward funding. It enhances the role of the private sector while recognizing the substantial experience of local elected leadership in our communities.

The bill takes into account differing economic conditions by permitting the use of subsidized employment where there are no alternatives and by providing additional funds for areas of substantial unemployment. It is innovative in providing for subsidized private sector employment for young people and it addresses the problems of displaced workers with adequate initial funding levels.

We would like to see the final product of your deliberations most closely resemble the Hawkins proposal.

(2) H.R. 5461, "The Productivity and Human Investment Act" - We support provisions which establish a two-year planning cycle; the use of subsidized "try-out" employment in the private sector for disadvantaged adults; and the proposal's emphasis on long-term training.

The proposal relies too heavily, however, on the private sector to the exclusion of significant participation by elected officials. We do not believe the private sector can or should be solely responsible for plan development, especially for deciding on target group priorities.

While the bill calls for the designation of labor market areas, defined as units of local government with a population of 200,000, it provides little more than a consultative role for local elected officials. We believe we can and should play a much greater role in employment and training programs--and that we have more valuable contributions to make--than being merely "yea" or "nay" sayers.

And finally, while the Jeffords proposal contains many innovative new ideas, it is far too prescriptive. It leaves relatively little room for local plans to accommodate critical local needs.

(3) S. 2036, "The Training for Jobs Act" - In addition to similar provisions in the Quayle proposal for which we have already expressed support, we would support the concept of beginning the planning year in July as an alternative to forward funding. We also support provisions permitting local planning for local employment service activities.

While this proposal appears to have the potential for making greater use of the existing expertise, it is far too tentative. For example, the bill seems to assume the Governor will designate existing prime sponsors--at least those over 250,000 population--as service delivery areas. But then it requires him to justify having made that selection. We think the Governor should justify not selecting a current prime sponsor.

The measure also places too much reliance on the private sector. The PIC has overall plan development responsibility, with little input from local elected officials. We are troubled by the potential for being asked to implement and accept full liability for a plan we did not develop.

(4) S. 2184, "The Job Training Act" - The lack of appropriate recognition of the role of local governments in planning and delivering employment training services, the absence of a substate allocation formula, the lack of a mandate that all areas within the state be served, inadequate funding levels, the absence of a mechanism to ensure timely funding availability, the eligibility criteria for participation are all troublesome issues for us.

(3) Reforms to Improve Employment and Training Programs

1. Clarity of Purpose

CETA has been burdened in the past with too many conflicting objectives. It began with a major emphasis on training programs and in very short order the preponderance of CETA resources were directed toward a relatively untargeted subsidized jobs program. Within two years, the untargeted nature of the jobs program became unacceptable national policy and the requirements for participation and the allowable activities were made more restrictive. By 1978, what began as a countercyclical PSE program has become a program for the structurally unemployed.

So long as positive placement remains the measure of success, "creaming" will be inevitable. If the intent is to bring the most severely disadvantaged into the economic mainstream, the measure of success has to encompass more than positive placement. We believe that reasonable performance measures should include whether individuals obtain jobs that are related to the training they have received and whether training results in gains in income and in reduction in welfare dependence.

Expectations must also be realistic. We cannot in most cases expect those with little or no skills or attachment to the labor force to become corporate executives, computer programmers, or space engineers in 18 months, two years, or even five years. We can assist these individuals in obtaining the basic skills necessary for entry level positions in the primary labor market.

Essentially what all this means is that Congress must decide what is to be accomplished, make sure it is clearly understood by all those involved, and then stick with it long enough for it to work.

2. Funding

There are two major funding questions: the minimum amount necessary to sustain a viable program and certainty of funding to insure rational planning. The only proposal before you that fails on both counts is the Administration's bill.

At a minimum, we believe that funding should not go below $4 billion. We strongly endorse forward funding. An employment and training system cannot endure many years similar to

FY 1981 where contracts and participants were uprooted and terminated midway in the fiscal year to accommodate the sudden Administration change in policy direction. It is unrealistic to expect that programs produce positive results amid such confusion and chaos. Further, one has to wonder how program operations can be effective if planning allocations are not available until three months and two weeks into the fiscal year, as is the case this year.

We commend you on your proposals to insure timely and certain funding.

3. Greater Private Sector Involvement

Local governments are no less enamoured of the potential advantages of greater private sector involvement in training the economically disadvantaged than are many others. We believe the private sector can make an extraordinary contribution in providing training, selecting deliverers of training services, identifying jobs and determining the jobs for which training should be made available. We support giving the private sector these responsibilities.

We believe the private sector can have a valuable role in training programs if we engage their participation in that which they do best. We do not think the private sector in our local communities can or wants to make decisions about which significant segments of the disadvantaged population and how many from each are served. Nor do we believe they want the responsibility for intake or verification of eligibility. These tasks are more appropriately performed by local governments.

4. Incentives and Bonuses

If there is concern that funds available are inadequate to sustain the current number of prime sponsors and provide effective training programs--and that is an assessment with which we would disagree--than we think it would be wiser policy to provide meaningful incentives to encourage voluntary consolidation. I cannot emphasize "voluntary" enough. Where people willingly agree to work together, they have an investment in succeeding. For example, it is unlikely that Minneapolis and St. Paul would find it advantageous to form a consortium. Everything about us is different. We each have our own Chamber of Commerce, we each have our own labor unions, we each have our own economic development agencies and we each have our own discrete communities and neighborhoods. Combining our employment and training effort is contrary to how each city operates in all other areas. This is not to say that we cannot and do not have cooperative working arrangements with each other when common goals and objectives can best be addressed by combining forces.

In the early days of CETA, however, Minneapolis was in a consortium with Hennepin County and four other surrounding counties. That consortium was disbanded when the allocation of funds to the consortium was less for Minneapolis and Hennepin County than it would have been if we had remained two separate prime sponsors. The consortium bonus was insufficient to make up for the loss of funds. Local elected officials cannot, politically or programmatically, accept a reduction in funds because of their voluntary cooperation. Legislation should include provisions to eliminate the potential for a penalty for cooperation.

Consortia bonuses must be adequate to be a true incentive. Any amount less than seven percent is probably not enough.

The proposals to match funds raised in the private sector is a positive and innovative approach. We question, however, the ability of communities most in need to raise such funds. Minneapolis is fortunate in that we have a concerned, committed and viable private sector. We have experience in testing the matching concept. Private contributions were matched with city funds to expand by $100,000 the funds available for summer youth employment.

In Minneapolis we would probably be able to solicit private contributions. But it is doubtful that communities such as Detroit or Youngstown--where the private sector is barely hanging on--would be able to get private donations. Perhaps the match could be tied to local economic conditions, such as an unemployment rate which exceeds the national average by a given percentage. In such a case, the match could be either reduced or eliminated entirely.

We concur with the inclusion of performance bonuses. And we agree that such achievement incentives should be directly awarded to those whose performance meets or exceeds the standards. They should not go to the States for arbitrary distribution.

5. Special Provisions for Areas of High Unemployment

We support a provision, in addition to a basic employment training grant, to deal with the problems of areas of significant unemployment. Conditions in communities where unemployment has reached and remains substantially above the national average must be addressed within the context of an employment and training grant as well as separately. Special consideration for such a jurisdiction could include, as was suggested above, a reduction or elimination of private sector match requirements for additional funds; performance standards that take local economic conditions into account; more flexibility in the use of subsidized employment; and additional funds that are available for employment training purposes only to areas of substantial unemployment.

6. Subsidized Employment

We support subsidized employment in both the private and public sector as an appropriate tool of employability development. Many times, individuals who are trained find it difficult to obtain their first job because they lack experience. Temporary subsidized employment (our policy suggests it be limited to six months) could provide the opening into unsubsidized employment that many of the target population need. We also think wages should be locally determined at a level appropriate to the local economy and most conducive to transitioning participants into unsubsidized employment. As we mentioned above, in areas of substantial unemployment, there should be more flexibility in the use of subsidized employment, such as extending participation for a longer period of time especially if it is tied to restoration of the local infrastructure.

7. Displaced Workers

States should be encouraged to amend state unemployment compensation laws to permit participation by displaced workers receiving UI benefits in employment training programs. Permitting the use of UI benefits as part of a non-federal match is exactly on target for encouraging appropriate State action.

If a displaced worker program had been in place, local employment and training programs could have assisted the 400 employees laid off by Munsingwear which recently closed its plant in Minneapolis. Under current law, we could do nothing for them.

We believe States can most appropriately administer other programs designed to assist displaced workers. State activities for dislocated workers should be encouraged and/or funded to permit participation of such individuals in vocational education programs. States should also provide relocation assistance, state-wide job search assistance for displaced workers and labor market exchange information.

By no means do we consider this statement exhaustive of all the issues before you.

Thank you for the opportunity to present our views. We look forward to continuing to work with you in enacting an effective employment and training program.

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[1] Op cit, p. 3.

Representative **Hawkins**. Mayor Schaefer, the mayor of the city of Baltimore, Md.

Mayor **Schaefer**. Mr. Chairman, members of the committee, it is a pleasure for me to say that I am here again. I hope you will allow me the flexibility of being able to wander around again. I get very nervous when I have to sit and look at our Congressmen. I like to be able to move a little bit, if you don't mind, sir.

Representative **Hawkins**. Just don't move too far away.

Mayor **Schaefer**. I came here about 1 year ago, and I tried to explain at that time, as you have heard me say so many times, what would happen to cities if certain things were done. I almost begged that you not dismantle manpower CETA programs.

Mayor Fraser rated some programs as unsatisfactory and some as B plus. Ours was A plus. I can't tell you the impact of having a good training program on a city like ours where there is high unemployment, disadvantaged youngsters, poor, confined to the city. I asked, "Don't do away with that program." The word "CETA" has a stigma to it that everyone felt that, if you used the term "CETA," there is something wrong with it. That is wrong. Manpower was important.

We also ask that—don't take all the programs apart quite so fast because it has an impact on cities like ours. What is discouraging to me to see the Congressmen and the Senators that have proposed legislation on manpower—because there is a side, a domestic recovery side that is very important, as far as our country is concerned.

I won't go into the technical details of the bill because I don't know them all, quite frankly. I brought Mrs. Pines with me. She ran what I think, in my opinion, the best—and if not the best, almost the best manpower program in the country. I know that you all want to say that your Manpower Director was the best, so I will defer to that. As far as I am concerned, she was the best. We have records to prove what you can do when you really are interested in manpower, care about a program, and are dedicated to helping people.

One thing that worries me when I read the newspapers, I worry that the unemployed are put in a category of statistics and not reality as far as people are concerned.

If I may, I would just like to again emphasize that a city called Baltimore, what it is today. What is the reality as far as Baltimore is today.

As I said so many times, these are not statistics, these are people. As I am walking out into the city of Baltimore, I can't say to a person who comes up and says to me: "I need a job," I can't say to them: "You are a statistic."

We have to figure out a way to get them a job, what can you do. That is why what you are doing today is so important for a city like ours.

I can't talk for everyone. As you notice, I represent no one but Baltimore. I think we may be typical of some other cities, 50,600 unemployed, 40,000 out-of-work minorities.

You talked about the summer corps. Last year, 25,000 kids; this year, 40,000. This year, summer employment will be 5,000 rather than 10,000 last year.

Now, immediately you say: "Well, you know, Mayor, that is your responsibility because a locality should take care of itself." And as I have said so many times, and you have heard me say, if the poor were distributed equally among all the States and all the cities, that would be fine. But when it is confined to areas like Baltimore—and I use that word "confined"—you say, "OK, what are you doing?"

We lost $30 million and 3,000 jobs. How do you make it up in the private sector? You can't expect the private sector, as I have said so many times, to make up the difference between training programs and unemployed. It is just not possible—1,000 summer jobs. We lost 12,000 jobs.

This year, we are asking the private sector not to make up 6,000, or 8,000, or 10,000 jobs because they can't do it. So, we are finding 1,000 jobs in the private sector. But you just don't turn to the private sector and say, "Private sector, put up the 10,000 jobs." You can do it in theory, but you can't do it in actuality.

OK, let us talk about what we would like to see, as far as manpower is concerned. We would like to keep the city at the local level—local level, not the State level. There are reasons for this. First of all, what I think you ought to do is examine the track record of some of these successful cities and their ability to move, not wait for State legislature to meet once a year.

Second, don't change for the sake of change. If you don't want to call it CETA, that is all right. But don't throw the whole thing out just because you had a name that wasn't the greatest thing in the world. There were things in that program that were good. So we are saying don't change it.

You have in place certain things that could operate right now. Every man there has something that he could operate with now. If you completely change the whole mechanism, it is going to take maybe 1 year or 2 years. Let me talk about that year or 2 years. We can't wait that year or 2 years. That year or 2 years is now. People are unemployed now; 40,000 kids are out of jobs now.

What I am saying is that the programs that you are going to initiate have to be done now. I am not afraid of that. The easiest thing in the world for me years ago would be to say: "Let the Federal Government have the sole responsibility, or let the State have the responsibility. I don't want the responsibility."

I have listened to some of the testimony just before on flexibility. I don't mind who watches me. I don't mind that the Federal Government watches me or that the State government watches me. If I don't produce, at least I am responsible for it, and we can produce. You can tell us that this program is right, this program is wrong, we don't like this program and we will pull the money back. But we produce, and we are able to move.

When you are away, just a little bit away from the people, you lose something. I am a mayor. You were a Congressman and a mayor. I will bet you that, as a mayor, you can't walk out that door without somebody yelling, pothole, job, or whatever it might be.

Mayor **FRASER**. Snow.

Mayor **SCHAEFER**. We can put all these resources together. We can put the resources together in the private sector, the public sector, the community organizations and the volunteer sector.

You know, you all say: "Let the private sector be the ones that set up the manpower program. Let's give the responsibility to them. Put in the secondary spot the business." Business is in business to run business, not to run manpower programs. They could help us figure out the training programs, they can tell us what they need. But as far as them absolutely running the programs, it won't work. The primary responsibility is with the States, with the localities, with the mayor with advice from the State, advice from the local people.

Flexibility is important as far as level is concerned. If you try to legislate too deeply and tell them exactly how it is going to be, it just won't work.

Representative **Hawkins**. Mayor, I don't want to interrupt, but we have a time limitation. You are so far over there, you don't see the red light over here. We will try to give you time to summarize.

Mayor **Schaefer**. I will try to do it quickly.

Representative **Hawkins**. Thank you.

Mayor **Schaefer**. One, let the local levels do this. Don't put the responsibility in the State, they will not be able to move with the flexibility of the local people.

Second of all, don't put the primary responsibility in the public and private sector. They are fine for advising us on how to run a program. Don't divide the planning and the administration, they must stay of one. It must be the responsibility of the people on the local level in order to run the manpower program. It is very simple.

I could run up all the charts in the world. It would just fall down to that.

[The prepared statement of Mayor Schaefer follows:]

TESTIMONY

MAYOR WILLIAM DONALD SCHAEFER, BALTIMORE, MARYLAND

MARCH 16, 1982

BEFORE JOINT HEARINGS OF THE SENATE SUBCOMMITTE ON EMPLOYMENT
AND PRODUCTIVITY AND THE HOUSE SUBCOMMITTEE ON
EMPLOYMENT OPPORTUNITIES

INTRODUCTORY REMARKS:

IT'S A PLEASURE TO BE BACK IN WASHINGTON AGAIN. I WANT TO CONGRATULATE CONGRESSMEN HAWKINS AND JEFFORDS AND SENATORS QUAYLE AND KENNEDY FOR COMING FORTH WITH LEGISLATIVE PROPOSALS FOR EMPLOYMENT AND TRAINING THAT HAVE BI-PARTISAN SUPPORT. AS YOU MAY GUESS, THERE ARE ELEMENTS IN ALL THE BILLS THAT I SUPPORT, AND THERE ARE ELEMENTS THAT I RECOMMEND BE CHANGED. HOWEVER, I AM NOT HERE TODAY TO DISCUSS THE TECHNICAL DETAILS OF THE PROPOSALS. BUT THERE IS ONE CONCEPT IN MOST OF THE PROPOSALS TO WHICH I WANT TO GIVE MY UNQUALIFIED SUPPORT - AND COMMEND YOU FOR STATING IT SO CLEARLY. "TRAINING IS AN INVESTMENT IN HUMAN CAPITAL AND NOT AN EXPENSE." THIS PHRASE RECOGNIZES THAT TRAINING IS THE MEANS OF TURNING TAX-USERS INTO TAX-PAYERS. I SUGGEST THAT IT IS A BETTER AND SMARTER PUBLIC POLICY TO INVEST IN

TRAINING PROGRAMS NOW, RATHER THAN PAY OUT WELFARE AND UNEMPLOYMENT SUPPORT PAYMENTS LATER. IF WE IGNORE THIS NEED, THEN WE RISK THE CREATION OF A PERMANENT UNDERCLASS OF PEOPLE FOREVER DEPENDENT ON GOVERNMENT HANDOUTS.

THAT IS WHY TODAY, I WANT TO TALK ABOUT PEOPLE - AND RESPONSIBILITY - DIFFERENT KINDS OF PEOPLE WITH DIFFERENT KINDS OF NEEDS. THERE ARE PEOPLE WHO ARE UNEMPLOYED AND CANNOT FIND A JOB BECAUSE THEY HAVE NO SKILLS. THERE ARE YOUNG PEOPLE WHO HAVE NEVER HAD A JOB AND DO NOT KNOW WHAT IT IS LIKE TO WORK EVERYDAY AND GET A PAYCHECK. THERE ARE PEOPLE WHO HAVE WORKED FOR MANY YEARS BUT SUDDENLY FIND THEIR INDUSTRIES SHUTTING DOWN AND THEIR SKILLS UNNEEDED. AND THERE ARE EMPLOYERS WHO ARE LOOKING FOR A PRODUCTIVE WORKFORCE.

AND THERE ARE PEOPLE, LIKE MYSELF, WHO HAVE BEEN GIVEN THE RESPONSIBILITY BY THE ELECTORATE FOR OVERSEEING THE WELFARE OF THEIR COMMUNITIES. NO ELECTED OFFICIAL CAN COMPLAIN ABOUT THAT RESPONSIBILITY - THAT IS WHY HE OR SHE HAS BEEN ELECTED TO OFFICE. SOME MAY CHOOSE TO TURN THE RESPONSIBILITY OVER TO OTHERS, BUT I WILL NOT ABDICATE THAT AUTHORITY AND RESPONSIBILITY. LOCAL ELECTED OFFICIALS HAVE BEEN ELECTED TO CARE FOR OUR COMMUNITIES, AND MOST OF US ARE NOT WILLING TO GIVE THE RESPONSIBILITY UP.

I WILL NOT TELL YOU THAT IN FULFILLING MY RESPONSIBILITIES I MAKE ALL THE DECISIONS ABOUT BALTIMORE BY MYSELF. WHEN A DECISION NEEDS TO BE MADE, I CONSULT THE PEOPLE WHO WILL BE AFFECTED BY THE DECISION, THOSE WHO WILL CARRY IT OUT, AS WELL AS KNOWLEDGEABLE COMMUNITY LEADERS. MOST MAYORS IN THE

COUNTRY DO THE SAME THING. FROM THIS PROCESS, A UNIQUE RELATIONSHIP WITH THE PRIVATE SECTOR HAS EMERGED IN BALTIMORE OVER THE PAST TEN YEARS. I BELIEVE THAT I HAVE AS FINE A RELATIONSHIP WITH THE PRIVATE SECTOR AS ANY OTHER MAYOR IN THE COUNTRY. BUT THE PRIVATE SECTOR TELLS ME THAT THEY CAN ONLY DO SO MUCH. THEIR CHIEF RESPONSIBILITIES ARE TO THEIR BUSINESSES AND THEIR STOCKHOLDERS. THE CITY OF BALTIMORE IS MY BUSINESS AND THE CITIZENS OF BALTIMORE ARE MY STOCKHOLDERS. ANY LEGISLATION YOU FASHION CANNOT CHANGE THAT - OR THE RESPONSIBILITIES AND RELATIONSHIPS THAT GO WITH IT.

YOU KNOW, EVERYTIME I COME TO WASHINGTON, I AM ASKED WHAT HAS MADE BALTIMORE MANPOWER PROGRAMS SO SUCCESSFUL. SO I WANT TO TAKE A FEW MINUTES TODAY TO HIGHLIGHT WHAT I THINK ARE THE KEYS TO OUR SUCCESS IN BALTIMORE AND ASK THAT YOU KEEP THESE IN MIND IN FASHIONING NEW LEGISLATION.

CHART #1

FOR QUALITY MANPOWER TRAINING PROGRAMS............

MINIMIZE DISRUPTION - KEEP DECISION-MAKING AT THE LOCAL LEVEL

-EXAMINE 8 YEAR TRACK RECORD - KEEP WELL DEVELOPED DELIVERY SYSTEMS - REPLACE OR IMPROVE THE WEAK ONES

-DON'T CHANGE FOR THE SAKE OF CHANGE

-EVERY CHANGE DELAYS SERVICES TO PEOPLE

KEEP LOCAL ELECTED OFFICIALS RESPONSIBLE FOR RESULTS - WHY?

-FACE-TO-FACE WITH COMMUNITY NEEDS

-PULLS ALL RESOURCES TOGETHER TO MEET THE NEEDS

-DEVELOPS LOCAL AGREEMENTS TO SERVE LARGER LABOR MARKETS (CONSORTIA)

CHART #1 - BACK-UP

FOR QUALITY MANPOWER TRAINING PROGRAM

A. MINIMIZE DISRUPTION

- IT IS NOW FASHIONABLE TO TURN THE DECISION-MAKING OVER TO GOVERNORS AND AND THE PRIVATE SECTOR. WHERE LOCAL GOVERNMENT HAVE FAILED - CHANGES MAY BE WARRANTED. INSTITUTIONS - PUBLIC OR PRIVATE, FEDERAL, STATE, OR LOCAL - DO NOT RESPOND TO CHANGE OVERNIGHT. SO DO NOT LEGISLATE CHANGES FOR THE SAKE OF CHANGE. SOME OF THE MAJOR SHIFTS IN ROLES & RESPONSIBILITIES IN SOME OF THE PROPOSALS WILL RESULT IN DRASTIC DELAYS IN SERVICES TO PEOPLE AT A TIME OF CRITICAL NEED.

B. KEEP LOCAL ELECTED OFFICIALS RESPONSIBLE FOR RESULTS -WHY?

- LOCAL ELECTED OFFICIALS ARE CLOSEST TO THE NEEDS OF THEIR COMMUNITIES, INCLUDING THE SKILL AND EMPLOYMENT NEEDS OF THE UNEMPLOYED. ALSO, LOCAL ELECTED OFFICIALS ARE IN THE BEST POSITION TO ANTICIPATE CHANGES IN THEIR COMMUNITIES AND MAKE APPROPRIATE CONTINGENCY PLANS.

- PULLS ALL RESOURCES TOGETHER TO SERVE COMMUNITY NEEDS
    - BUSINESS LEADERS
    - PUBLIC AGENCIES
    - COMMUNITY ORGANIZATIONS
    - THE VOLUNTARY SECTOR

- SERVING ENTIRE LABOR MARKET AREAS MAKES MORE SENSE TO AREA BUSINESSMEN AND SAVES ADMINISTRATIVE COSTS.

CHART #2

FOR QUALITY MANPOWER TRAINING PROGRAMS..............

FOCUS THE ROLE OF THE PRIVATE SECTOR

- -IDENTIFY OCCUPATIONAL SHORTAGES IN LOCAL LABOR MARKETS
- -DETERMINE SKILLS NEEDED TO ENTER LOCAL JOBS
- -COMMIT TO TRAIN AND HIRE THE DISADVANTAGED

ALLOW FOR FLEXIBLE, LOCALLY ARRANGED PUBLIC/PRIVATE PARTNERSHIPS

- -COOPERATION CANNOT BE LEGISLATED

CHART #2 - BACK-UP

FOR QUALITY MANPOWER TRAINING PROGRAMS

(A) FOCUS THE ROLE OF THE PRIVATE SECTOR (ON WHAT THEY KNOW BEST)

- THE PRIVATE SECTOR GIVES US VALUABLE ADVICE ABOUT TRAINING FOR JOBS FOR WHICH THERE IS A DEMAND. LONG BEFORE PIC'S WERE CREATED BY LAW IN 1978, BALTIMORE HAD OCCUPATIONAL ADVISORY COMMITTEES FOR 8 YEARS - GROUPS OF EMPLOYERS THAT TELL US WHERE THESE JOBS ARE.
- PRIVATE EMPLOYERS TELL US WHAT SKILL LEVELS THEY EXPECT FROM THEIR EMPLOYEES, AND GUIDE US IN SETTING UP THE KINDS OF CURRICULA THAT GIVE THE TRAINEES THE SKILLS THEY, THE EMPLOYERS, EXPECT.
- THE MOST VALUABLE THING THE PRIVATE SECTOR OFFERS ARE PRIVATE TRAINING OPPORTUNITIES IN THEIR BUSINESSES. I URGE YOU TO PERMIT MORE INCENTIVES FOR THE PRIVATE SECTOR TO TRAIN & HIRE THE DISADVANTAGED.

(B) ALLOW FOR FLEXIBLE, LOCALLY ARRANGED PUBLIC/PRIVATE PARTNERSHIPS

- EVERY COMMUNITY IS DIFFERENT AND HAS DIFFERENT PERSONALITIES IN BOTH THE PUBLIC AND PRIVATE SECTORS.
- THE LEGISLATION SHOULD ENCOURAGE LOCAL ELECTED OFFICIALS AND THEIR PRIVATE SECTOR LEADERS TO FORM TRUE, WORKING PARTNERSHIPS TO ADDRESS VARIOUS UNEMPLOYMENT PROBLEMS IN THEIR COMMUNITIES. BUT LEGISLATION THAT REQUIRES SPECIFIC TYPES OF COOPERATION ONLY CREATES DISAGREEMENT AND CONFLICTS AMONG PUBLIC AND PRIVATE OFFICIALS.

CHART #3

FOR QUALITY MANPOWER TRAINING PROGRAMS..............

ALLOW FOR FLEXIBLE PROGRAM DESIGN & INNOVATION (DON'T OVER-PRESCRIBE, DON'T OVER-REGULATE)

- -VISIBLE LOCAL PROJECTS THAT MEET YOUR GOALS AND MINE
- -IMITATE REAL WORLD-OF-WORK
- -WAGES, STIPENDS, & ALLOWANCES -DON'T REQUIRE/DON'T PROHIBIT
- -PROGRAMS LINKED TO LOCAL ECONOMIC DEVELOPMENT
- -"TRY-OUT" EMPLOYMENT WITH PRIVATE EMPLOYERS

CHART #3 - BACK-UP

FOR QUALITY MANPOWER TRAINING PROGRAMS

ALLOW FOR FLEXIBLE PROGRAM DESIGN - DON"T OVERPRESCRIBE, DON'T OVERREGULATE

- JOB TRAINING PROGRAMS CAN BE DESIGNED TO BOTH TRAIN THE UNSKILLED AND MEET COMMUNITY NEEDS. FOR EXAMPLE, THE "BETTER SHELTERS" PROJECT TRAINS THE UNEMPLOYED IN CARPENTRY AND REHAB SKILLS AND RENOVATES ADANDONED, CITY-OWNED HOUSES THAT ARE SOLD FOR THE COST OF SUPPLIES. OUR HARBOR CITY LEARNING CENTER FOR DROPOUTS (WHERE CONGRESSMAN HAWKINS VISITED AND RECEIVED AN HONORARY DEGREE) REINFORCES THE RELATIONSHIP BETWEEN SCHOOL SUCCESS AND WORKING.
- ALL OUR TRAINING PROGRAMS DEMONSTRATE THE CONNECTION BETWEEN:
  - SHOWING UP
  - WORKING HARD
  - GETTING PAID
- WE SHOULD HAVE THE FLEXIBILITY TO REWARD PARTICIPANTS FOR GOOD PERFORMANCE, COVER THE COSTS OF PARTICIPATION (IE: TRANSPORTATION, CHILD CARE), AND VARY TRAINEE PAYMENTS ACCORDING TO NEED, AND WITH THE RECOMMENDATIONS OF THE BUSINESS COMMUNITY.
- LOCAL OFFICIALS CAN BEST TIE LOCAL ECONOMIC DEVELOPMENT AND JOB TRAINING & PLACEMENT TOGETHER:
  - HARBORPLACE REFERRAL SERVICE (60% OF JOBS FILLED THROUGH MOMR)
  - HYATT REFERRAL SERVICE (80% OF JOBS FILLED THROUGH MOMR)
  - PARK CIRCLE PROJECT (MODEL ENTERPRISE ZONE - EVERY NEW EMPLOYER COMMITS DO HIRING DISADVANTAGED THROUGH MOMR)

CHART #3 - BACKUP (CONT'D)

- WE USED TRY-OUT EMPLOYMENT IN THE YOUTH ENTITLEMENT PROGRAM AND SAW THE POSITIVE RESULTS. IT ACTS AS INCENTIVES TO PRIVATE EMPLOYERS AND OPENS THE DOORS OF PRIVATE EMPLOYERS FOR DISADVANTAGED PERSONS. I'M PLEASED TO SEE THIS INCLUDED IN SEVERAL OF THE PROPOSALS - BUT IT SHOULD LAST LONG ENOUGH FOR EMPLOYERS & TRAINEES TO GET ACQUAINTED - AT LEAST 3 MONTHS.

CHART #4

FOR QUALITY MANPOWER TRAINING PROGRAMS..................

BALTIMORE HAS RESULTS ORIENTED MANAGEMENT.

- DO NOT SEPARATE PLANNING & ADMINISTRATIVE RESPONSIBILITIES
- HAVE WELL-DEFINED EXPECTATIONS
- ENCOURAGE PERFORMANCE CONTRACTING TO REWARD GOOD PERFORMANCE
- SUPPORT EVALUATION & PARTICIPANT FOLLOW-UP
  - NEEDED FOR SOUND MANAGEMENT
  - COSTS $$
- CONTINUAL MONITORING & FINE TUNING

CHART #4 - BACKUP

FOR QUALITY MANPOWER TRAINING PROGRAMS

BALTIMORE HAS RESULTS ORIENTED MANAGEMENT

- THE PLANNING MUST BE DONE BY THE LOCAL ELECTED OFFICIALS WHO ARE CLOSEST AND MOST ACCOUNTABLE TO THE NEEDS OF THEIR COMMUNITIES, IN CONSULTATION WITH THE PRIVATE SECTOR. HOWEVER, SINCE PRIVATE EMPLOYERS HAVE NO DIRECT RESPONSIBILITY FOR THE NEEDS OF THE DISADVANTAGED THEY SHOULD NOT CONTROL THE ALLOCATION OF FUNDS. THE SEPARATION OF THE PLANNING AND ADMINISTRATIVE RE-RESPONSIBILITIES (QUAYLE/KENNEDY, JEFFORDS, AND ADMINISTRATION BILLS) IS AN INEFFICIENT AND POLITICALLY DIVISIVE WAY TO MANAGE THE PROGRAMS. WE HAVE LEARNED THAT PLANNING AND ADMINISTRATION ARE INTEGRALLY RELATED MANAGEMENT FUNCTIONS.

- ONE OF THE THINGS THAT HAS MADE THE BALTIMORE MANPOWER PROGRAM SO SUCCESSFUL IS THAT WE KNOW EXACTLY WHAT WE EXPECT FROM EACH TRAINING PROGRAM MODEL. THERE ARE A VARIETY OF ACTIVITIES FOR DIFFERENT KINDS OF PEOPLE WITH DIFFERENT NEEDS. BUT OUR GOALS ARE WELL THOUGHT OUT, AND WE CAREFULLY EVALUATE THE RESULTS.

CHART #4 - BACKUP (CONT'D)

- BALTIMORE'S TRAINERS ARE PAID IN INSTALLMENTS. THEY DON'T GET FULLY REIMBURSED UNTIL TRAINEES GET JOBS.

- INFORMATION ABOUT PAST TRAINING PROGRAMS IS NEEDED TO PLAN NEW TRAINING PROGRAMS. IT IS IMPORTANT THAT THE LEGISLATION RECOGNIZE THE ADMINISTRATIVE COST OF DETERMINING HOW WELL PAST PROGRAMS ACHIEVE THEIR GOALS - FINDING OUT WHAT WORKS AND WHAT DOESN'T. IN BALTIMORE, IF OUR TRAINING MODELS DON'T WORK AS EXPECTED, WE REVISE. WE CONTINUALLY MONITOR AND FINE-TUNE OUR PROGRAMS.

CHART #5

WHAT'S AHEAD.....IF DECISION-MAKING & FUNDING GOES TO THE STATES?

-WHO HAS THE POLITICAL CLOUT IN THE STATE?

- -65% OF THE STATE'S POOR
- -33% OF THE ELDERLY
- -45% OF THE MINORITY YOUTH
- -36% OF THE UNEMPLOYMENT INSURANCE RECIPIENTS
- -18% OF THE STATE'S POPULATION

-HOW CAN EQUITY BE ASSURED?
- -GUARANTEE FORMULA ALLOCATIONS TO LOCAL AREAS OF NEED

-WHAT HAS BEEN THE STATE'S TRACK RECORD?

WHAT'S AHEAD.....FOR INVESTMENTS IN PEOPLE?

- -TRAINING IS INVESTMENT - NOT AN EXPENSE
- -BALTIMORE WORKS BECAUSE OF YOUR SUBSTANTIAL INVESTMENT

Representative **Hawkins**. Mayor Schaefer, let me begin with you. I think you were present when some of the Governors testified a few minutes ago. I won't quote them, but I don't think any one of them mentioned at all the question of local home rule. I think several indicated that, in the design of the program, they would consult with the chief elected official at the local level. I think that was said several times.

What would be your view of being involved in developing a local manpower program if you had to consult with or had to depend on consultation with, not the State legislature of the State government itself, but with the Governor of the State, or having the Governor of the State operate the program within the city of Baltimore?

Mayor **Schaefer**. It would be a disaster. It won't work.

Let me tell you why it won't work. Block grants which came down from the Federal Government to the States have always been concerned about areas of need. For example, with the first block grant on education, they had a committee appointed by the Governor and a subcommittee and they came up with a theory that 20 percent would go to the needy and that 80 percent would be by population, exactly what I said was going to happen if you give it to the States.

The same thing is going to happen here. I will be consulted, and I will then be told what the manpower program is in the city. It will not work because you will look at a statewide program instead of an area of need, an area where great flexibility and the ability to move fast are of great concern.

You know, if you do that to us, that is what we have to live with. It is not going to work because we will be told how to train people. I think we have a little better idea on how to train the people in the city of Baltimore.

Representative **Hawkins**. With respect to the State legislature—which is not even mentioned in the administration's proposal—the money goes to the Governor of the State, presumably to one man who makes the determination from then on. What responsibility do you see for the State legislature?

Mayor **Schaefer**. What will happen if the State legislature gets it? Right there. See that? Who has the political clout in the State? Of the State's poor, 65 percent is in the city, 33 percent of the elderly, 45 percent of the minority, 30 percent of the unemployed, and 18 percent of the power. The power will decide that it is statewide. It is absolutely essential that manpower programs be written in such a way that areas of need where there is high unemployment are given a priority.

This is exactly what I just explained on the 20- to 80-percent formula. That is the way the program will run. That is life, dominated by rural concerns. Around the city of Baltimore is a very wealthy county. Our tax rate is $6; their tax rate is $3.25. We found a consortia—that is one of the great things in the manpower program, by the way—only one county pulled out. One of the wealthy counties pulled out and ran their own program. I am afraid things like consortia and the rest just will not happen.

I am pleading as much as I can for areas where high unemployment have the opportunity and the flexibility to run a manpower program.

Representative **Hawkins**. May I have a brief response from the other mayors, from Mayor Fraser and Mayor Sloane, on the involvement of the State legislature in the employment-and-training system.

Mayor **Fraser**. Mr. Chairman, I would like to generalize that answer. A former ranking member of this committee is the Governor of our State and a friend of mine. And he is not running again, so nothing I say will be taken politically. But in his address to the legislature on his program and in talking about the state of the State, the cities were not mentioned once.

The last point that Mayor Schaefer made is central to this problem: The poor do not have political power. When you generalize their existence, their political power, particularly in a statewide arena, then they really have none. At a city level, they do have some, because they constitute a more significant proportion of the population.

I would endorse what Mayor Schaefer said. I think those are the political realities. This isn't a partisan thing. It is a fact that if you don't have the poor there to worry about, you don't worry about them because they are largely invisible when they are removed at a distance. So that is why, I think, central cities need a strong hand. That is where the problem is. That is where the structurally unemployed, the hard to employ, are largely found, and that is where the accountability lies.

Representative **Hawkins**. Mayor Sloane.

Mayor **Sloane**. The State legislature in our State meets every 2 years. It is not structurally set up to really deal with the manpower problem in a constructive and effective way. I would be very much opposed to involving the State legislature.

We are, by and large, a rural State and we do have significant rural employment problems. But a State government, by and large, is not geared toward the problems of urban areas. It is not clear to me why, after having built up expertise over 8 years of trial, and error, and success, working with the private sector, businesses, labor that the mayors have access to and work with, why we would want to change that at this time. I think there are many, many successes which show that that partnership has worked, and to dismantle that system would be very disruptive in terms of the delivery of a manpower-training system.

Representative **Hawkins**. Thank you.

Senator Quayle.

Senator **Quayle**. Thank you, Mr. Chairman. Welcome mayors.

I hear the same words being echoed by mayors as I heard just a few minutes ago by Governors, flexibility, partnership, enhancement of the PIC council, let the locals do it. But when we get right down to the enhancement of the PIC council, we only want advice and no decisionmaking authority.

Yesterday we had a rather unique panel of two very distinguished individuals from Boston. One was the chairman of the PIC counsel and the other was the Administrator of the CETA program. Both of those gentleman agreed, first of all, that they had a very good program in Boston, and under the bipartisan bill that has been introduced by Senator Kennedy and myself, they didn't envision any change. But I asked them if they really were bothered by the fact that the PIC council would be making decisions, not only in the planning but the administration. Both of them answered no, that they really needed to have that involvement of the private sector and it shouldn't just be merely advisory, that it really has to be of more subtance.

My question to each of you: If the PIC council in your service delivery area right now made the decision on who would be administering the program, what would the recommendation be?

Mayor **Schaefer**. Well, are you asking—I will answer first——

Senator **Quayle**. I am asking a hypothetical question. Your PIC council has the authority right now to make the decision of who is going to administer the program. Who are they going to select?

Mayor **Schaefer**. I think you can answer it this way: They would select what I have recommended.

Senator **Quayle**. OK.

Mayor **Schaefer**. And the reason for it is that it has worked.

Senator **Quayle**. All right. I agree. I think they would.

Mayor Fraser?

Mayor **Fraser**. I agree, because we have an administration of the CETA program in place.

But let me underscore a point that Mayor Schaefer made earlier. I think in your bill you propose that the PIC do the planning——

Senator **Quayle**. They can, yes.

Mayor **Fraser**. Well, I think that's where, at least in the summary, I saw where it was placed. I have no——

Senator **Quayle**. They have the option to do it.

Mayor **Fraser**. I have no problem with the PIC being deeply involved, but I don't think you want to split these responsibilities. If you're going to hold locally elected officials responsible, then hold them responsible. Encourage them to consult. Encourage them to bring in the private sector. We do that, and I think that's right. But don't split the responsibilities and say part of the responsibility goes on to a private group and part on to a public group.

Senator **Quayle**. If your PIC council had the option to determine who was going to make the plan and who was going to administer the program, would they make any changes in the way your system now operates?

Mayor **Fraser**. Well, I don't know if they would. I think they would keep the same administration. Whether they would want to get more directly involved in planning and setting priorities and so on, I don't know.

Senator **Quayle**. Would you have any reluctance to let them get more involved in the planning?

Mayor **Fraser**. No, no; I want them more involved. Ultimately the question is who makes the decision. That's the bottom line, who finally decides.

Senator **Quayle**. I am asking each of you, if you allow the PIC council to make that decision, what would their decision be? It would probably be the same, at least in Mayor Schaefer's area. He said they would do the same because it works in Baltimore. That's the same response we got in Boston—because it works in Boston.

Now, does it work in Minneapolis?

Mayor **Fraser**. Yes; I think it would.

Senator **Quayle**. If it works in Minneapolis, they would probably do the same.

Mayor Sloane, what about Louisville?

Mayor **Sloane**. I think they would probably say the same. But let's take an example where they wouldn't make that recommendation. I think you would have a real cross current between the elected official and the PIC council. I think that would be destructive to the manpower training program.

Senator **Quayle**. I think it would be destructive to the manpower training program.

My point is that in each one of your particular situations in your cities, if we gave that decisionmaking responsibility to the PIC's, there wouldn't be any change—that is the thesis of the bipartisan bill that is now present before the Senate. We really envision very little changes where, in fact, it does work.

And having talked about the bipartisan bill in the Senate, let me just get to the political reality, at least in the Senate. There are two bills pending over there. One is a bipartisan proposal submitted by myself and Senator Kennedy, Senator Pell, Senator Hawkins and others, and the other is the administration proposal.

Which of those two bills would you prefer?

Mayor **Sloane**. Well, sir, yours. [Laughter.]

Senator **Quayle**. Mayor Fraser, you have been around this place before. You know how things operate. We've got a couple of bills over there, so which one would you like to see?

Mayor **Fraser**. Well, of the two you mentioned, there is no choice. Yours is far superior to the administration's bill.

Mayor **Sloane**. I agree.

Senator **Quayle**. Mayor Sloane, you agree?

Mayor **Sloane**. I certainly do.

Senator **Quayle**. Mayor Schaefer, I assume you agree.

Are you going to support the administration bill?

Mayor **Schaefer**. No, no. Wait a minute [laughter]. You're a fine Senator, but let me——

Senator **Quayle**. You only have an either/or.

Mayor **Schaefer**. No; I think this is wrong. You're saying to us take it or leave it——

Senator **Quayle**. No; I'm just saying that the political reality over there is you've got two pieces of legislation that we're going to be discussing, and I would just like to have some input from prominent mayors around the country as we get into markup on which bill they prefer, the administration bill or the Quayle-Kennedy bill.

Mayor **Schaefer**. Senator, if it was just that simple, that would be fine.

Senator **Quayle**. And if it was just that simple, which would you choose?

Mayor **Schaefer**. You know, you can keep pinning me like this, because you're a Senator and I'm only a mayor. But let me get back to what I'm trying to say.

I think it isn't take one or leave it. I think what you have to do is listen to mayors like me and the two on my left and get a bill, whether it's the Quayle-Kennedy bill or whatever it is, a bill that is going to work as far as peole are concerned.

Senator **Quayle**. All right. Then let me ask this question, since you don't want to answer that one.

Mayor **Schaefer**. I'll answer it. Neither one.

Senator **Quayle**. Either one?

Mayor **Schaefer**. Neither one.

Senator **Quayle**. No; that's not the choice.

Mayor **Schaefer**. Let me write your bill for you.

Senator **Quayle**. In other words, you would rather have no legislation——

Mayor **Schaefer**. No, no.

Senator **Quayle**. No legislation. All right, if you want to go on record on no training legislation, that's fine. I don't think you will find too much support here. We all want training legislation.

Mayor **Schaefer**. How about an amendment?

Representative **Hawkins**. Would the Senator include my bill as well? [Laughter.]

Senator **Quayle**. Actually, Congressman Hawkins, I wish you would consider coming over to the other body because of what may happen in California. We would like to have you over there.

Representative **Hawkins**. Either bill has to pass both Houses.

Senator **Quayle**. Let me ask this question.

What recommendations would you make or amendments would you like to see to the bipartisan bill to make it more acceptable to the mayors? Mayor Fraser?

Mayor **Fraser**. Well, there are five areas in which I think I would like to see some change, and the effect of them will be to move them closer to Congressman Hawkins' bill introduced in the House.

One would be to leave the prime sponsor arrangement largely as it is. I don't know if there is any need to rework that.

Second, I would keep, as I said earlier, the planning and the final decisions where the responsibility lies, which is with the elected officials—although I'm very much in favor of the increased involvement of the PIC's.

Third, I think there needs to be more attention to the needs of the displaced workers. You provide $100 million in your bill and I think Congressman Hawkins has $500 million.

Fourth, Congressman Hawkins' bill provides for the problem of high unemployment areas.

Finally, the Hawkins bill provides, I think, more flexibility in subsidized employment, which I think would be useful.

Those are the five areas which, I think, if you moved toward Congressman Hawkins' bill your very fine bill would be slightly improved. [Laughter.]

Senator **Quayle**. Thank you for that endorsement. [Laughter.]

Representative **Hawkins**. Thank you very much, Senator, for your qualification.

Mayor **Sloane**. If I could add one strong comment——

Senator **Quayle**. Do you want to endorse the bill?

Mayor **Sloane** [continuing]. With this amendment to it.

In the whole issue of public service employment, how can we have, for instance, in our community, 50,000 people unemployed and work to train a portion of those, and yet not be able to realistically place them at this point? Given the state of the economy, the transition that many communities are going through from an industrial to a service economy, to have a 50 percent minority teenage unemployment and not to provide public service employment, I don't think is in keeping with the Democratic principles of this country. The Government at some point needs to be the employer of last resort, and I think we have reached that point in many communities.

Representative **Hawkins**. Would the chairman of the full Education and Labor Committee wish to make a statement or ask questions?

Representative **Perkins**. Thank you, Mr. Chairman.

First, let me compliment all the mayors. All of them have been before this committee in the past, Mayor Sloane, and Mayor Schaefer from Baltimore was here about a year ago, and Mayor Don Fraser has been here with us for many years. I think all of you have given very pertinent testimony today.

We have a severe unemployment problem in this country and somehow none of us want to touch it. We have to do something about it. I think the legislation introduced by Mr. Hawkins may need some modifications here and there, but it is a great piece of legislation and we should take that approach or something along that line.

But, Mayor Sloane, if I recall, you were here when we passed the Economic Opportunities Act in 1964. You were before the committee at that time. I would like to ask you, since the unemployment situation in Louisville is about 14 percent—and I know that training funds are too scarce to meet your needs—but even with fully sufficient training resources, would your local labor market be able to assume all of the trained jobseekers?

Mayor **Sloane**. No, they certainly wouldn't, Mr. Chairman.

What we are doing this summer, we are going to private companies to have them pick up a portion of the unemployed, specifically the youth. The city is going to put $100,000 into employment programs for people, since we have such a high unemployment level. The summer youth employment program is absolutely essential to be continued. If we didn't have that in our city, we would be in just a world of difficulty.

Let me just talk about public service employment. It has received a lot of bad press and a lot of negativism. I am particularly impressed in the private, nonprofit area, where organizations have worked to rehabilitate houses, to do weatherization programs for communities, where labor personnel have been involved in terms of training people to become technically skilled in the labor field. It has worked extremely well and also provided many needed services. Whether it is to day care centers or senior citizens' activities, these services have been very important.

We are reaching a state in our development in our Government where basic support systems are being taken away. For example, at the day care centers, a mother who has two children has to make a choice of whether or not she is going to continue working or to take care of her children if she can't get anybody else to take care of them. The medical care support in this country is being reduced for the people of lower incomes. Housing subsidies are being seriously eroded. And on top of that, not to provide a basic job—and I can only relate my personal conversations this last week with people who were unemployed and the frustrations that they had about not being able to get jobs after weeks and sometimes months, and in one case 1 year or 1½ years of looking for jobs—I think, it is something that is very disruptive for our basic social responsibility.

Representative PERKINS. What industries have laid off people in your area?

Mayor SLOANE. GE has had major lay-offs, just recently 9,000 people. They are directly related to the homebuilding industry that is in a total depression because of the interest rates in this country. We have two Ford truck plants that had to lay off numerous people, and that is related to the automobile industry. And International Harvester, which has not received job orders from the agricultural community because of high interest rates have also laid off people. And some of our basic industries—American Standard, for instance—is moving out of Louisville. So we look at the job displacement program as being extremely important in training those employees to go into other areas.

Representative PERKINS. Now, you commented on the need for local advisory and flexibility in the administration of employment and training programs. Can you expand on what you see as the advantages of program operation at the community level and what you view as the pitfalls of turning these programs entirely over to State governments?

Mayor SLOANE. I think, as the other mayors have stated, we are the people who are ultimately responsible in our cities. When we walk the streets, people are looking to us for answers; they're not looking to the Governor, who perhaps won't be in that community for a long period of time. We know the businesses in our community. We want to deal with them in many, many areas in terms of a partnership to develop the community. We know our labor community and we have worked with them on many difficult issues.

That is the partnership that needs to go together. We have worked on the administration of the CETA programs and I think a lot of the problems have been worked out and they're functioning well. I think the first summer when I was in office in 1973-74, the summer youth employment program was a very chaotic program to implement. In the last few years, it has gone significantly well. So we have that experience and we have the responsibility and I think it ought to remain there.

Representative PERKINS. With your unemployment at approximately 15 percent, is there any way for the private sector to pick up the unemployed without Government assistance at this point?

Mayor SLOANE. I don't see it. We are making a special effort and I think we're going to be able to place 500 young teenage people in the private sector this summer. The private sector has expressed that commitment to me. But it just doesn't meet the need. They are having terrific problems in terms of their own economy and in terms of their own businesses, just to be able to survive.

Representative PERKINS. And your city does not have the resources to meet the need; am I correct?

Mayor SLOANE. We certainly don't.

Representative **Perkins**. Thank you, Mr. Chairman.

Representative **Hawkins**. Mr. Weiss.

Representative **Weiss**. Thank you very much, Mr. Chairman. I, too, want to express my appreciation to the testimony given by the mayors. I think it is a demonstration of their contact with reality as compared to some of the other testimony we have heard.

I am especially appreciative of the testimony in support of the CETA program. I think we are being subjected to a tremendous effort akin to the big lie technique, and I think it is done with malice and aforethought. I think the plan is to try to totally discredit manpower programs so that 1 year or 2 or 3 years hence the administration can come and tell us that none of the manpower programs work—never mind just CETA—but the Federal Government shouldn't be doing anything in the area at all.

I do want to touch on a specific point that we have touched on here. The Governors seem so committed to having them make the decisions as to what programs and who should run the programs and how they should be planned. The only major justification I have heard, which is a serious one, I think, is that they are more aware of labor market areas than the individual localities are.

I would like to know from each of you how you would respond to that argument, or to any other argument that you may be aware of, as to why they are so hellbent in assuming the major role rather than having the mayors at the local level continue their responsibilities.

Mayor **Schaefer**. I'll go first. I think, first of all, the State will set up a bureaucracy much bigger than the Federal bureaucracy. They will look at it statewide rather than labor market areas. Would private industry be able to train everyone at the present time. The answer is no, they wouldn't be able to do that.

In a locality like Baltimore and the consortium that we arranged, where there is a labor market and different types of labor needs, we know what is needed in that area. The State would provide a program for the entire State and they would not devise labor markets. They just won't do it.

I know it seems hard to imagine this. They won't have the same flexibility, they won't be able to move as rapidly as we will, they won't be able to bring together the local resources absolutely necessary in a local market.

Representative **Weiss**. I know why you're opposed to it, but I am trying to get from you any understanding on your part as to why they are so intent on doing this. It can't be for the sake of creating a bureaucracy. They must have some valid arguments that they use to justify to themselves as to why they really think there is too much duplication, overlapping or whatever. It is not just a whimsical point of view, I don't think, on their part.

Mayor **Schaefer**. I can't answer for all States, but I don't think our particular State would understand the problem of unemployment in the city of Baltimore. I just don't think they understand it. I know that sounds ridiculous, but you know, in the city of Baltimore, there are people who have never had a job. It is hard to get people to understand that there are people who have never had a job. We adapt to situations like that with a very basic program. I don't think that comes within the purview of a State.

Now, you want to know why they want to do it? My own thinking is that it's a nice power, the Governor can set up a number of things, pour in a number of people. You know, it is tough to be quite so hard on a State, but I am hard on the State because I have seen what has happened right now, what has happened in the interim of 1 year on social programs, on education programs. They are not going to areas of need. Now, that's political. I just am very worried over that.

Representative **Weiss**. Mayor Fraser?

Mayor **Fraser**. I think any elected official is ordinarily willing to believe that he or she will do a good job. An argument can be made that a State perspective enables one to surmount local jurisdictional divisions, so I think there is some logic to it. I think the downside, however, outweighs the good that might come from it.

They already have the balance-of-State CETA responsibilities, so it is not as though they haven't had a chance to flex their muscles. But since the funding will come from the Federal level, and since it is clear that the action is going to be at the local level—under whatever configuration, it's going to be at the local level—what is unclear to me is why insert the State?

There is a second problem here I would like to point out, and that is that there is a sense that sometimes bigger is better—get multicounty consortia together, get cities to get together. The reality is that in our city we are dividing the city into 10 districts. We are subdividing within our own city in order to develop a more effective employment strategy.

Our impression—I have had a task force looking at this for the last 6 or 8 months—is that the best job is done with the structurally unemployed or the hard-to-employ when you get down to a one-on-one, when a person is talking to another person, and when there is some sharing of concerns and some support. So we are breaking it down.

This does not, in my view, argue for going to larger jurisdictions, but that would be the tendency of the Governor. They would want to put Minneapolis and St. Paul together. Well, you could argue over one labor market, but again the realities and traditions are that we are so separate as cities that I think it would be a mistake, and I don't think either city would advocate it.

Representative **Weiss**. Mayor Sloane.

Mayor **Sloane**. I think, at least in our State, the concept of the ad district tends to be very important. It works well in the rural areas—for example, we have 120 counties in Kentucky, but we probably should have a lot less than that—where you have 7 or 8 counties in one area.

But it just doesn't really work in the urban area. The problems are different, the approaches are different. You know, I feel that the State likes to deal with one generic approach to the problem throughout the State, and they don't want to differentiate between an urban environment and a rural environment. Therefore, they feel if they can package this and have control over it they can administer it.

You know, if I was up at the State level, I don't think I would want that responsibility because I don't think it could be done as effectively.

Representative **Weiss**. Thank you very much.

Thank you, Mr. Chairman.

Representative **Hawkins**. The Chair would interrupt the questioning for 1 second to recognize the gentleman from Kentucky, Mr. Mazzoli, our colleague.

Representative **Mazzoli**. Thank you very much, Mr. Chairman. I appreciate your indulgence and that of your committee. It is nice to be with you again. Of course, I served with the gentleman from California on this committee for my first 4 years in Congress.

I appear today, Mr. Chairman, for two reasons: One, to say hello and welcome and commend to your attention the testimony of my friend and my mayor, Harvey Sloane, from Louisville, who has now taken on the chores and responsibilities as mayor of our city for the second time. He has had many interesting programs, Mr. Chairman, and as a modern, urban mayor, he has many ideas which I think will add to your subcommittee's knowledge on how to handle the jobs program.

Second, very briefly, to say hello to Mayor Don Fraser, a former colleague, who took his intelligence and hard work back home. We are delighted to see him again. Certainly not to short Mayor Schaefer, who has received national acclaim over the years.

These problems, as our mayor has said, Mr. Chairman, at home are very significant. We have high rates of unemployment and your committee's deliberations are very important to the health of our cities and other communities. So we thank you and wish you all well.

Representative **Hawkins**. I thank the gentleman from Kentucky.

Mr. Murphy, thank you for your indulgence.

Representative **Murphy**. I have no questions.

Representative **Hawkins**. Mr. Pursell, do you wish to ask questions?

Representative **Pursell**. Thank you, Mr. Chairman.

I'm not a member of this committee. I serve on the Labor HHS/Education Appropriations Subcommittee which will fund these programs.

I wish to congratulate the mayors who testified, particularly those that expressed the need to target this program to high unemployment areas. I believe that that should be the major thrust of this legislation. I also wish to congratulate Senator Quayle and his fellow colleagues and his counterparts in the House of Representatives for moving ahead with an early markup.

This program deals with unemployment, particularly in the Midwest, where unemployment is acute. I come from Michigan, a State where one out of six able-bodied people are unemployed. We have lead the Nation in unemployment for 21 straight months. Thus, I am very pleased to see Congress begin to identify constructive legislation for this dilemma in Michigan and other States in the Northeast and Midwest regions.

After we do the funding and write the legislation that will provide jobs and retraining, how do you identify particular growth industries or those jobs at the end of the pipeline, rather than, let's say, public service jobs? Are there research capabilities at the congressional, State, or local level that can identify potential growth areas?

The essence of this legislation should be to insure that we have some good qualified research data to make sure that when we talk about a job there will be a job at the end of the pipeline. How best can you evaluate that?

Mayor **Schaefer**. We do it now through the PIC organization, through the employers. We try not to train people for jobs that are not available. We would work with the PIC's and they would tell us what the growth areas would be and where the people that will be trained will go to. That is the analysis that we would do.

Representative **Pursell**. You have the capability to do that within a PIC council?

Mayor **Schaefer**. We have the capability, through the——

Representative **Pursell**. What are some of the jobs we're suggesting here?

Mayor **Schaefer**. Let's take the housing industry. We can take a number of young people, unemployed youngsters, and train them to rehabilitate a house because we can then sell that house at the supply costs only.

What I am trying to say is we have the capability to analyze within that metropolitan area where the job needs will be, and we can do that through the colleges, do it through our schools, but mainly through working with the private sector people. This is where we say that is their role, to advise us where the jobs are going to be and where they are going to be needed. We should have the responsibility for the planning and administration.

Representative **Pursell**. Would the other mayors care to comment on that? Is the capability there?

Mayor **Fraser**. In the city of Minneapolis, we anticipate that over this decade the expansion of employment in our central business district would be between 25,000 to 40,000 jobs. That's on a base of roughly 100,000. Now, that has been identified both by the private sector and by our own planning department, and those are skills in the service industries and in the clerical field. We have a combination of service industries and high technology companies. So, I think we are pretty well able to identify manpower needs. Now there's a crying need, for example, for clerical help. There are plenty of jobs waiting for anyone who can type.

But if I could just make a comment, you're talking about levels of unemployment which are extraordinary. I don't think the training programs are going to solve that. What training programs do, from my perspective, is to give to those who tend to be disadvantaged for a number of reasons an even break in competing for whatever jobs there are. But with 10 million people out of work in the United States, the adoption of another 5 years of CETA or the adoption of a CETA program funded at $4 billion is not going to put those 10 million people back to work.

I think there is a fundamental problem here. We have to address the employment problem almost as a separate set of policy questions that relate to how we manage the national economy and so on.

I see CETA as helping those who are likely to be left out. Even when the economic upturn comes, the 50 or 60 percent unemployment among minority youth and the underemployed female head of household has to be addressed. They need to have a chance to get into those job opportunities and that's why I think this legislation is so important.

Mayor **Sloane**. In Louisville, one of our great growth industries is the medical industry. We have a significant medical complex. It is our anticipation that technological industries that feed into laboratory x-rays and various components of the medical establishment will be viable industries. We are seeking to locate those kind of industries around the predominant university hospital-medical complex.

Of course, the medical field is one of the largest growth areas in employment. It is a very technical area. There we get into training programs that have to do with laboratory technicians, people that are working with radiology and other specific areas. So the PIC, working with the private sector in the larger community that is working with the Government in terms of development of the economy over the next 10 years, is adjusting its program to meet the training needs that we envision we will have prospects for jobs in the next years.

Representative **Pursell**. Thank you, Mr. Chairman.

Representative **Hawkins**. Thank you.

The Chair again thanks the witnesses for their excellent testimony. Certainly we appreciate the time you have taken to make your contribution today.

Mayor Schaefer, may I at this time also recognize Marian Pines, with whom we have been familiar for many, many years, and certainly we wish to commend her for the excellent job that she is doing with the manpower program in Baltimore.

Mayor **Schaefer**. Thank you.

Representative **Hawkins**. My thanks to all of you.

Mayor **Fraser**. Thank you, Mr. Chairman.

Representative **Hawkins**. The next panel will consist of representatives of the counties: Ms. Paula MacIlwaine, county commissioner, Montgomery County, Ohio, testifying on behalf of the National Association of Counties; and Mr. Frank Mascara, chairman of the board of county commissioners, Washington County, Pa.

We welcome the witnesses and call on them in the order in which they were introduced. Ms. MacIlwaine, we will hear from you first.

STATEMENTS OF PAULA MacILWAINE, COUNTY COMMISSIONER, MONTGOMERY COUNTY, OHIO, ACCOMPANIED BY JON WEINTRAUB, ASSOCIATE DIRECTOR, NACO; AND FRANK MASCARA, CHAIRMAN OF THE BOARD OF COUNTY COMMISSIONERS, WASHINGTON COUNTY, PA.

Ms. **MacIlwaine**. Thank you very much, Mr. Chairman.

Mr. Chairman and members of the House and Senate subcommittees: My name is Paula MacIlwaine, and I am a county commissioner from Montgomery County, Ohio, which has an unemployment rate of 12 percent and is second in the Nation in unemployment. I chair the Employment Steering Committee of the National Association of Counties, and I am here today with Jon Weintraub, who is the associate director of the National Association of Counties.

We are here to applaud the efforts of Chairmen Quayle and Hawkins and members of the House and Senate subcommittees in their efforts to provide a permanent authorization for a national employment and training system. NACO endorses the concepts and the approaches developed by Chairman Hawkins in H.R. 5320 and now supported by over 40 cosponsors. We have attached detailed section-by-section comments on this bill for your review.

Why do we support H.R. 5320? Because we feel it creates the best form of local decisionmaking by creating a partnership between the public and private sectors. It forces the development of a consensus between the chief local elected official, who is accountable to the public, and the private industry council, which represents employers. It forces an agreement on the proper balance of roles and authority for planning and administration that will work in that particular part of the State. No structure is mandated, as in other bills before your subcommittees, but flexibility is allowed to create the design that will work best locally. In some communities, the private sector will run the program, while in others local government will be in charge. It is crucial to the success of this program that this decision be made locally.

H.R. 5320 also continues a role for general purpose local governments of 100,000 population, which we support. As I have traveled to employment policy conferences around the country, one thing is clear: the private sector does not want the full responsibility or financial accountability to plan and administer this program. They do want a primary role in deciding what the job needs are in a community, what training should occur, and who should do the training. They are organized locally and they want to work locally, not by State. NACO supports these roles for the private sector as vital to the success of the system. We are puzzled by private sector national organizations which support the desire to privatize the system completely when few employers actually favor that position.

Both H.R. 5320 and S. 2036 insure that employment and training services are available to all citizens regardless of residence. This principle is vital to future legislation. In contrast, S. 2184 permits Governors to choose not to serve some parts of their States. We strongly oppose such a policy.

With the emphasis on program performance in the legislation before both subcommittees, why is so little attention given in the Senate bills to prior performance under the existing CETA system? Why should one replace a local prime sponsor that is meeting or exceeding national performance criteria that have been established and utilized by the Department of Labor over the last two fiscal years? Why shouldn't the Senate bills automatically enfranchise those prime sponsors that have proven their effectiveness and allow them to continue to serve communities? Do we have the luxury at times of extremely high unemployment to discard proven performance for massive change in the delivery system? We do not think so.

The majority of bills before you increase the role for the State. The Administration's bill would have an appointed State council. I am sure that the Members of the House of Representatives would not relish the thought of their districts being redrawn by an appointed body. As we explore an increased role for the State along with increased funding for States, let us review the performance of State administrators under CETA. In assessing this performance, we call your attention to the entered employment rate factor in the fiscal year 1980 performance data compiled by the Department of Labor. Of the 48 largest CETA prime sponsors, 27 are States and have an average rank of 272 out of 445 prime sponsors studied in terms of their entered employment rate. While the 21 other largest prime sponsors—cities, counties, and consortia—have an average rank of 125 out of 445 studied with regard to their entered employment rates. Can we afford to support this extreme difference in performance when our country's need is so great?

Furthermore, grants from the State services pot cost prime sponsors close to double the administrative costs to run programs when compared to the current title II-B program. We understand that GAO is reviewing this issue, and we hope that the pattern does not repeat itself should the role of the Governor, as the administrator, be enhanced in the final legislation that comes out of conference.

Coupled with the fascination with the State is a fascination with increasing the population size of the service delivery area. We think this is a mistake. Curiously enough, not one person who understands local employment and training systems claims that administrative dollars will be saved by this change. Even experienced staff at the Department of Labor will admit, if asked, that this change will only result in a shift as to where administrative dollars are spent, not a reduction, since larger units will have to subcontract more activities and thus spend more administrative dollars to manage the subcontracts.

It is also curious how the political infatuation with increasing the size of the eligible jurisdiction forgets the clients to be served. Can a client without a car or adequate public transportation be expected to access services if the service delivery area is significantly larger? We do not think so.

We urge the Chairman and Members of the Senate Subcommittee in reviewing the application process for the designation of service delivery areas, the planning function and the administrative arm, to require only one application outlining the agreement for area planning and administration as defined through a consensus of the local elected official and the PIC. We urge you to eliminate the various outs in your structure and force a decision between the local elected official and the PIC.

We support the nomination of PIC members by private sector organizations with appointment from those nominations by the chief local elected official, as in S. 2036.

We support the desire to increase the private sector role, but question the procedure for application to the Governor.

The capacity to provide job training funds is a vital tool for economic developers. Economic development occurs at the local level and is conditioned by decisions made by local elected officials on zoning, property tax abatement, police protection and others. This is all the more reason why local elected officials must be in an equally-weighted partnership with the private sector and why NACO supports H.R. 5320.

We prefer the approach that allowances neither be mandated nor prohibited.

We wholeheartedly support the movement to replace procedural requirements with a new emphasis on program outcomes. We support incentive bonuses for above average performance.

Short-term public service employment is still the fastest way to put people to work at times of high unemployment. Rural areas as well as other areas of the country that rely on one industry, whether it be coal, timber or automobiles, are often most in need of this approach. We would suggest an additional option of funding national emphasis projects throughout the country. For example, our east coast harbors need dredging and enlarging to meet the demand for coal exports. Bridges throughout the United States are disasters waiting to happen and are in dire need of repair.

In the past, CETA has been Christmas-treed with a variety of set-asides to enhance linkages with educational agencies. We feel the following principles should be adhered to regarding the expenditure of employment and training funds:

Funds will only be spent if the local agency or school can compete cost effectively and provide quality services;

All funds under this legislation must be equally matched by State or local education money; and

These matched funds will be spent based on an agreement between the education agency and prime sponsor administration.

We urge both subcommittees to be more specific in language describing the reporting requirements of the new legislation. We urge the Congress to require only quarterly reports and specifically to prohibit the Department of Labor from demanding daily, weekly, or monthly reports by telephone or by any other method unless specifically requested by a committee of the Congress. It would be nice if the Congress could decide in the legislation what data it needs to perform its oversight function and limit the Department of Labor to requesting only those data elements in its report.

We appreciate the opportunity to appear before this joint subcommittee hearing and we look forward to answering your questions.

[The prepared statement of Ms. MacIlwaine with attachment follows:]

STATEMENT OF THE HONORABLE PAULA MACILWAINE, COUNTY COMMISSIONER OF MONTGOMERY COUNTY, OHIO, ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES BEFORE THE HOUSE AND SENATE SUBCOMMITTEE,

CHAIRMEN, MEMBERS OF THE HOUSE AND SENATE SUBCOMMITTEES,MY NAME IS PAULA MACILWAINE. I AM A COUNTY COMMISSIONER OF MONTGOMERY COUNTY, OHIO, AND CHAIR OF THE EMPLOYMENT STEERING *COMMITTEE OF THE NATIONAL ASSOCIATION OF COUNTIES. I AM ACCCOMPANIED TODAY BY JON WEINTRAUB, ASSOCIATE DIRECTOR OF THE NATIONAL ASSOCIATION OF COUNTIES.

WE ARE HERE TODAY TO APPLAUD THE EFFORTS OF CHAIRMEN QUAYLE AND HAWKINS AND MEMBERS OF THE HOUSE AND SENATE SUBCOMMITTEES IN THEIR EFFORTS TO PROVIDE A PERMANENT AUTHORIZATION FOR A NATIONAL EMPLOYMENT AND TRAINING SYSTEM. NACO ENDORSES THE CONCEPTS AND THE APPROACHES DEVELOPED BY CHAIRMAN HAWKINS IN H.R.5320 AND NOW SUPPORTED BY OVER 40 CO-SPONSORS. WE HAVE ATTACHED DETAILED SECTION-BY-SECTION COMMENTS ON H.R.5320 FOR YOUR REVIEW.

WHY DO WE SUPPORT H.R.5320? WE FEEL IT CREATES THE BEST FORM OF LOCAL DECISION MAKING BY CREATING A PARTNERSHIP BETWEEN THE PUBLIC AND PRIVATE SECTORS. IT FORCES THE DEVELOPMENT OF A CONCENSUS BETWEEN THE CHIEF ELECTED LOCAL OFFICIAL, WHO IS ACCOUNTABLE TO THE PUBLIC, AND THE PRIVATE INDUSTRY COUNCIL, WHICH REPRESENTS EMPLOYERS. IT FORCES AN AGREEMENT ON THE PROPER BALANCE OF ROLES AND AUTHORITY FOR PLANNING AND ADMINISTRATION THAT WILL WORK BEST IN THAT PARTICULAR PART OF THE STATE. NO STRUCTURE IS MANDATED AS IN OTHER BILLS BEFORE YOUR SUBCOMMITTEES, BUT FLEXIBILITY IS ALLOWED TO CREATE THE DESIGN THAT WILL WORK BEST LOCALLY. IN SOME COMMUNITIES THE PRIVATE SECTOR WILL RUN THE PROGRAM, WHILE IN OTHERS THE LOCAL GOVERNMENT WILL BE IN CHARGE. IT IS CRUCIAL TO THE SUCCESS OF THIS PROGRAM THAT THIS DECISION BE MADE LOCALLY.

H.R.5320 ALSO CONTINUES A ROLE FOR GENERAL PURPOSE LOCAL GOVERNMENTS OF 100,000 POPULATION WHICH WE SUPPORT. AS I HAVE TRAVELED TO EMPLOYMENT POLICY CONFERENCES AROUND THE COUNTRY, ONE THEME IS CLEAR: THE PRIVATE SECTOR DOES NOT WANT THE FULL RESPONSIBILITY OR FINANCIAL ACCOUNTABILITY TO PLAN AND ADMINISTER THIS PROGRAM. THEY DO WANT A PRIMARY ROLE IN DECIDING WHAT THE JOB NEEDS ARE IN A COMMUNITY, WHAT TRAINING

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*THE NATIONAL ASSOCIATION OF COUNTIES IS THE ONLY NATIONAL ORGANIZATION REPRESENTING COUNTY GOVERNMENT IN THE UNITED STATES. THROUGH ITS MEMBERSHIP, URBAN, SUBURBAN AND RURAL COUNTIES JOIN TOGETHER TO BUILD EFFECTIVE, RESPONSIVE COUNTY GOVERNMENT. THE GOALS OF THE ORGANIZATION ARE TO: IMPROVE COUNTY GOVERNMENTS; SERVE AS THE NATIONAL SPOKESMAN FOR COUNTY GOVERNMENT; ACT AS A LIAISON BETWEEN THE NATION'S COUNTIES AND OTHER LEVELS OF GOVERNMENT; ACHIEVE PUBLIC UNDERSTANDING OF THE ROLE OF COUNTIES IN THE FEDERAL SYSTEM.

should occur, and who should do that training. They are organized locally and they want to work locally, not by state. NACo supports these roles for the private sector as vital to the the success of the system. We are puzzled by private sector national organizations which support the desire to "privatize" the system completely when few employers favor that position.

Both H.R.5320 and S.2036 insure that employment and training services are available to all citizens regardless of residence. This principle is vital to future legislation. In contrast, S.2184 permits governors to choose not to serve some parts of their states. We strongly oppose such a policy.

With the emphasis on program performance in the legislation before both subcommittees,why is so little attention given in the Senate bills to prior performance under the existing CETA system? Why should one replace a local prime sponsor that is meeting or exceeding national performance criteria that have been established and utilized by the Department of Labor over the last two fiscal years? Why shouldn't the Senate bills automatically enfranchise those prime sponsors that have proven their effectiveness and allow them to continue to serve communities? Do we have the luxury at times of extremely high unemployment to discard proven performance for massive change in the delivery system? We do not think so!

The majority of the bills before you increase the role for the state. The Administration's bill would have an appointed state council in charge of redistricting each state for the purposes of employment and training. I am sure that the members of the House of Representatives would not relish the thought of their districts being redrawn by an appointed body. As we explore an increased role for the state along with increased funding for states, let us review the performance of state administrators under CETA. In assessing performance of states, we call your attention to the entered employment rate factor in the fiscal year 1980 performance data compiled by the Department of Labor. Of the 48 largest CETA prime sponsors, 27 are states and have an average rank of 272 out of 445

PRIME SPONSORS STUDIED IN TERMS OF THEIR ENTERED EMPLOYMENT RATE. WHILE THE 21 OTHER LARGEST PRIME SPONSORS (CITIES, COUTIES, AND CONSORTIA) HAVE AN AVERAGE RANK OF 125 OUT OF 445 STUDIED WITH REGARD TO THEIR ENTERED EMPLOYMENT RATES. CAN WE AFFORD TO SUPPORT THIS EXTREME DIFFERENCE IN PERFORMANCE WHEN OUR COUNTRY'S NEED IS SO GREAT?

FURTHERMORE, GRANTS FROM THE STATE SERVICES POT COST PRIME SPONSORS CLOSE TO DOUBLE THE ADMINISTRATIVE COSTS TO RUN PROGRAMS WHEN COMPARED WITH THE CURRENT TITLE II-B PROGRAM. WE UNDERSTAND THAT GAO IS REVIEWING THIS ISSUE. WE HOPE THAT THIS PATTERN DOES NOT REPEAT ITSELF SHOULD THE ROLE OF THE GOVERNOR AS THE ADMINISTRATOR BE ENHANCED IN THE FINAL LEGISLATION THAT COMES OUT OF CONFERENCE.

COUPLED WITH THE FASCINATION WITH THE STATE IS A FASCINATION WITH INCREASING THE POPULATION SIZE OF THE SERVICE DELIVERY AREA. WE THINK THAT IS A MISTAKE. CURIOUSLY ENOUGH, NOT ONE PERSON WHO UNDERSTANDS LOCAL EMPLOYMENT AND TRAINING SYSTEMS CLAIMS THAT ADMINISTRATIVE DOLLARS WILL BE SAVED BY THIS CHANGE. EVEN EXPERIENCED STAFF AT THE DEPARTMENT OF LABOR WILL ADMIT, IF ASKED, THAT THIS CHANGE WILL ONLY RESULT IN A SHIFT AS TO WHERE ADMINISTRATIVE DOLLARS ARE SPENT AND NOT A REDUCTION, SINCE LARGER UNITS WILL HAVE TO SUBCONTRACT MORE ACTIVITIES AND, THUS, SPEND MORE ADMINISTRATIVE DOLLARS TO MANAGE THE SUBCONTRACTS. IT IS ALSO CURIOUS HOW THE POLITICAL INFATUATION WITH INCREASING THE SIZE OF THE ELIGIBLE JURISDICTION FORGETS THE CLIENTS TO BE SERVED. CAN A CLIENT WITHOUT A CAR OR ADEQUATE PUBLIC TRANSPORTATION BE EXPECTED TO ACCESS SERVICES IF THE SERVICE DELIVERY AREA IS SIGNIFICANTLY LARGER? WE DO NOT THINK SO!

WE URGE THE CHAIRMAN AND MEMBERS OF THE SENATE SUBCOMMITTEE IN REVIEWING THE APPLICATION PROCESS IN S.2036 FOR THE DESIGNATION OF SERVICE DELIVERY AREAS, THE PLANNING FUNCTION AND THE ADMINISTRATIVE ARM, TO REQUIRE ONLY ONE APPLICATION OUTLINING THE AGREEMENT FOR AREA, PLANNING AND ADMINISTRATION AS DEFINED THROUGH A CONSENSUS OF THE LOCAL ELECTED OFFICIAL AND THE PIC. WE URGE YOU TO ELIMINATE THE VARIOUS "OUTS" IN YOUR STRUCTURE AND FORCE A DECISION BETWEEN THE LOCAL ELECTED OFFICIAL AND THE PIC. WE FEEL THAT IF MONEY CANNOT BE SPENT IN AN AREA WITHOUT SUCH AN AGREEMENT, THEN AN AGREEMENT WILL BE REACHED. THE NEED FOR THE VARIOUS "OUTS" IN S.2036 WILL DISAPPEAR IF YOU ARE WILLING TO LET THE LOCAL POLITICAL PROCESS WORK ITS WILL!

WE SUPPORT THE NOMINATION OF PIC MEMBERS BY PRIVATE SECTOR ORGANIZATIONS WITH APPOINTMENT FROM THOSE NOMINATIONS BY THE CHIEF LOCAL ELECTED OFFICIAL AS IN S.2036.

We support the desire to increase the private sector role in S.2036, but question the procedure for application to the Governor. No major corporation would separate the control of its planning from its chief executive officer. We urge you to keep that concern in mind as you mark up your bill. We have attached detailed section-by-section comments on S.2036 for your review.

We support the approach and concepts to defense contracting in S.2038 sponsored by Senators Quayle and Pell.

Linkage with Economic Development

The capacity to provide job training funds is a vital tool for economic developers. Economic development occurs at the local level and is conditioned by decisions made by local elected officials on zoning, property tax abatement, police protection, commercial revitalization,access to water and sewer lines,and construction of walkways and roads. These decisions are crucial to the development of new jobs in a community. This is all the more reason why local elected officials must be in an equally weighted partnership with the private sector and why NACo supports H.R.5320. Funding stability is crucial to this linkage. We endorse the forward funding concepts contained in the bills before your subcommittee

Allowances

Language in the major new employment and training proposals offers significant variation on the theme of allowance payments for training and related activities. Whichever system is adopted will have a major impact on who is served, what kind of training is provided and on program administrative costs.

The Administration proposal (S.2184) flatly outlaws both allowances and wages and limits supportive services.

S.2036 offers more creative possibilities. While clearly stating that funds "shall not be available for the payments of stipends or allowances," it provides for "reimbursement of participants for costs incurred in participating in programs" and does not "preclude the payment of modest sums to persons who have successfully completed all or an

IDENTIFIABLE PART OF A PROGRAM OR HAVE SPECIAL NEEDS DUE TO PARTICIPATION IN LONG-TERM TRAINING." S.2036 WOULD ALSO ALLOW FOR "SUPPORTIVE SERVICE NECESSARY TO ENABLE PERSONS TO PARTICIPATE IN THE PROGRAM."

MR. JEFFORDS' PROPOSAL CREATES A NEEDS-BASED ALLOWANCE SYSTEM. WHILE SUPPORTIVE OF THIS CONCEPT, WE FEEL THAT THIS SHOULD BE DETERMINED LOCALLY AND NOT THROUGH A COMPLEX NATIONAL FORMULA.

WE PREFER THE APPROACH THAT ALLOWANCES NEITHER BE MANDATED NOR PROHIBITED. WE FEEL THAT STIPENDS MAY BE SIMPLER AND, THEREFORE, A BETTER CHOICE THAN THE SOPHISTICATED REIMBURSEMENT AND BONUS DESIGN. H.R.5320 CONTAINS ESSENTIALLY THE SAME LANGUAGE AS IN CURRENT LAW. THE FLEXIBILITY POSSIBLE IN THIS LANGUAGE HAS BEEN CURBED BY THE STRINGENT REGULATIONS [SECTION 6.76.26-2(J)]. IF H.R.5320 LANGUAGE IS ADOPTED THEN THESE REGULATIONS SHOULD BE ELIMINATED IN FAVOR OF A TRULY FLEXIBLE SYSTEM THAT PERMITS FULL, PARTIAL OR NO STIPENDS AS WELL AS THE OPTION OF A REIMBURSEMENT/BONUS SYSTEM.

ADMINISTRATIVE COST

WE ARE CONCERNED WITH THE PROPOSALS TO PLACE AN ABSOLUTE PERCENT LIMITATION (15% IN H.R.5320 OR 20% IN S.2036) ON ADMINISTRATIVE COSTS, PARTICULARLY SINCE WE DO NOT HAVE A CLEAR INDICATION OF THE COST OF ADMINISTERING THE LEGISLATION. FOR EXAMPLE, PERFORMANCE STANDARDS WILL REQUIRE APPROPRIATE DATA COLLECTION. IF JOB RETENTION OR WAGE GAINS OVER TIME ARE INCLUDED, PRIME SPONSORS WILL HAVE TO TRACK ENROLLEES SIX MONTHS OR A YEAR OR TWO YEARS AFTER TERMINATION. THIS WOULD BE MORE OR LESS OF A COST DEPENDING ON SAMPLE SIZE, BUT IT WOULD BE A DEFINITE INCREASE OVER CURRENT SPENDING. TO ILLUSTRATE FURTHER THE POTENTIAL COST FACTOR INVOLVED IN THIS KIND OF FOLLOW-UP ACTIVITY WE POINT TO A SYSTEM CURRENTLY BEING IMPLEMENTED IN MIDDLESEX COUNTY, NEW JERSEY. THE PRIME SPONSOR INITIATES ITS FOLLOW-UP WITHIN THREE DAYS AFTER THE PERSON HAS STARTED EMPLOYMENT AFTER TRAINING IS COMPLETED. THEREAFTER, THE PRIME SPONSOR REPEATS THE FOLLOW-UP WITH THE NEW EMPLOYER THIRTY, NINETY AND ONE HUNDRED, EIGHTY DAYS AFTER TRAINING HAS BEEN COMPLETED. THIS PROCEDURE IS, HOWEVER, COMPLICATED AND MORE EXPENSIVE THAN IT APPEARS. FOR EXAMPLE, AT THE NINETY DAY FOLLOW-UP THE PRIME MAY LEARN THAT THE PERSON THE PRIME WAS TRACKING HAS LEFT AND GAVE NO FORWARDING ADDRESS. THE PRIME MUST THEN DETERMINE THE REASON WHY THE INDIVIDUAL LEFT AND FIND OUT FROM THE FAMILY WHETHER ADDITIONAL EMPLOYMENT WAS SECURED. THIS EXAMPLE ONLY SCRATCHES THE SURFACE OF A TRACKING PROCESS NEEDED FOR THE KIND OF PERFORMANCE STANDARDS WHICH YOU ARE CONSIDERING. WE FEEL THAT IT CLEARLY ILLUSTRATES THE POTENTIAL COST INVOLVED. WE RECOMMEND THAT YOU SEEK AN ACTUAL COST DETERMINATION BASED ON FINAL PERFORMANCE CRITERIA FOR A THOUSAND ENROLLEES PRIOR TO ESTABLISHING A LIMITATION ON THE ADMINISTRATIVE COSTS.

THE CURRENT DEFINITION OF "ADMINISTRATIVE COSTS" AND THE VARYING PERCENTAGES WHICH PRIMES ARE ALLOWED TO CONTRIBUTE TO AN ADMINISTRATIVE COST POOL, I.E., TITLE II-B 20%, TITLE II-D 15%, YETP 20%, YCCIP 5%, TITLE VI 10%, THWART THE PRIME SPONSORS' ABILITY TO MAINTAIN EXPENDITURES WITHIN THE REQUIRED PERCENTAGES. IN ADDITION, CHARGES FOR BONA FIDE "SERVICES" ARE INCORRECTLY FORCED INTO THE "ADMINISTRATIVE" COST CATEGORY. THIS RESULTS IN STRAINED ADMINISTRATIVE BUDGETS AND DISINCENTIVES TO EXPAND SERVICES TO PARTICIPANTS AND EMPLOYERS. PERHAPS REPORT LANGUAGE COULD ENCOURAGE THE FOLLOWING:

WE RECOMMEND THAT ADMINISTRATIVE COSTS BE REDEFINED TO EXCLUDE PROGRAM SUPPORT COSTS THAT ARE DIRECTLY RELATED TO SERVICE AND SUPPORT FUNCTIONS. THE FOLLOWING ACTIVITIES ARE RECOMMENDED AS ITEMS FOR DELETION FROM ANY DEFINITION OF THE ADMINISTRATIVE COST CATEGORY WHICH MAY BE DEVELOPED IN THE FUTURE:

- COLLECTION OF LABOR MARKET INFORMATION,
- GATHERING/DISSEMINATING INFORMATION TO PARTICIPANTS AND EMPLOYERS ABOUT CETA,
- TECHNICAL ASSISTANCE TO EMPLOYERS TO INCREASE THEIR INVOLVEMENT WITH THE PROGRAM,
- DEPRECIATION OR MAINTENANCE OF NON-CLASSROOM SPACE; STAFF TRAINING; CONSULTANT SERVICES UNDER CONTRACT NOT INVOLVING DIRECT TRAINING OR SERVICES TO PARTICIPANTS,
- COSTS OF MONITORING AND PROVIDING TECHNICAL ASSISTANCE TO CONTRACTORS AND SUB-RECIPIENTS,

- PARTICIPANT-RELATED GRIEVANCE AND EED PROCEDURE COSTS,
- COSTS OF SUPERVISORY STAFF ENGAGED IN SERVICE DELIVERY ACTIVITIES.

THESE REDEFINITIONS WOULD MORE ACCURATELY REFLECT THE ASSIGNMENT OF COST TO THE APPROPRIATE COST CATEGORIES AND PROVIDE MORE ADMINISTRATIVE FUNDS FOR THE NECESSARY ADMINISTRATIVE FUNCTIONS.

PERFORMANCE STANDARDS

WE WHOLEHEARTEDLY SUPPORT THE MOVEMENT TO REPLACE PROCEDURAL REQUIREMENTS WITH A NEW EMPHASIS ON PROGRAM OUTCOMES. WE SUPPORT INCENTIVE BONUSES FOR ABOVE AVERAGE PERFORMANCE.

IN ESTABLISHING PERFORMANCE CRITERIA, HOWEVER, STRICT ATTENTION MUST BE GIVEN TO DRAFTING CLEAR AND CONCISE PURPOSES WHICH CAN BE REALIZED WITHIN THE FRAMEWORK OF PROGRAM LIMITATIONS, ON EXPENDITURES AND LENGTH OF PARTICIPATION, FOR EXAMPLE, AS WELL AS AVAILABLE FUNDS AND ELIGIBILITY. LOCAL ECONOMIC CONDITIONS WILL ALSO AFFECT OUTCOMES. BECAUSE OF THE DIVERSITY OF SITUATIONS, IT IS HARD TO COMPARE ON AREA'S PERFORMANCE TO ANOTHER'S FAIRLY.

CETA HAS TRADITIONALLY BEEN GEARED TO THOSE "MOST IN NEED." HOWEVER, WITHIN ANY GROUP WHETHER THEY BE ADULTS OR YOUTH WHO ARE DEFINED AS ELIGIBLE, THOSE WHO ARE MORE SEVERELY DEFICIENT IN EDUCATION, JOB SKILLS, MOTIVATION, ETC., REQUIRE MORE EMPLOYMENT AND TRAINING SERVICES TO BECOME JOB READY THAN THOSE WHO ARE LESS DEFICIENT. IN MANY CASES, THOSE WHO ARE SEVERELY DEFICIENT WILL NOT BECOME JOB READY BY PARTICIPATING IN AN EMPLOYMENT AND TRAINING PROGRAM SIMILAR TO CETA. DIFFERENT OR ALTERNATIVE GOALS SHOULD BE ALLOWED FOR THIS GROUP IF THEY ARE THE TARGET GROUP FOR THIS LEGISLATION. PERFORMANCE CRITERIA FOR THIS GROUP SHOULD NOT BE BASED ON JOB PLACEMENTS, INCREASING EARNINGS

OR REDUCED INCOME SUPPORT PAYMENTS. INSTEAD, ATTAINMENT OF EDUCATIONAL COMPETENCIES, SCHOOL COMPLETION AND REFERRAL TO OTHER TRAINING PROGRAMS MAY BE APPROPRIATE. EMPHASIZING PROGRAM OUTCOMES LIKE JOB PLACEMENTS, INCREASED EARNINGS AND REDUCTION IN INCOME SUPPORT PAYMENTS ENCOURAGES PROGRAM OPERATORS TO SCREEN OUT THOSE CLIENTS WHO ARE "MOST IN NEED" IN FAVOR OF THOSE WHO HAVE THE BETTER WORK HISTORIES, SKILLS, EDUCATION, WORK HABITS, ETC., BECAUSE THEY WOULD HAVE A BETTER CHANCE OF BEING PLACED. THEREFORE, IT IS ESSENTIAL THAT THE PERFORMANCE STANDARDS ADOPTED BE CONSISTENT WITH THE ELIGIBILITY AND TARGETING PROVISIONS OF THE FINAL BILL. BOTH H.R.5320 AND S.2036 PARTIALLY RECOGNIZE THIS BY PERMITTING SEPARATE STANDARDS FOR YOUTH. FOR ADULTS, HOWEVER, LANGUAGE TARGETTING THOSE "MOST IN NEED" WITHIN THE ELIGIBLE POPULATION DIRECTLY COUNTERACTS THE EFFECT OF PERFORMANCE STANDARDS.

THE FOLLOWING ADULT MEASURES ARE MENTIONED IN H.R.5320 AND S.2036: PLACEMENTS, INCREASED EARNINGS, REDUCTIONS IN WELFARE AND OTHER INCOME SUPPORT PAYMENTS, AND RETENTION IN UNSUBSIDIZED EMPLOYMENT. WHAT ARE THE PROGRAM AND ADMINISTRATIVE IMPLICATIONS OF EACH? FINAL CRITERIA SHOULD BE SELECTED WITH THESE FACTORS IN MIND.

PLACEMENT

THESE ARE EASY TO MEASURE IF YOU JUST CHECK THE PARTICIPANT'S EMPLOYMENT STATUS ON THE DAY OF TERMINATION. HOWEVER, THAT MAY ENCOURAGE SHORT-TERM VERSUS QUALITY PLACEMENTS AND RETENTION. FOR EXAMPLE, THE ES HAS BEEN CRITICIZED FOR COUNTING DAY LABOR AS A PLACEMENT BECAUSE OF THE SHORT-TERM DEFINITION. AN ALTERNATIVE WOULD BE TO MEASURE PLACEMENT FOR 3, 10 OR EVEN 30 DAYS. THIS WOULD BETTER REFLECT SUCCESS BY "COUNTING" PEOPLE WHO FIND JOBS ON THEIR OWN AFTER TRAINING AND WOULD ENCOURAGE LONGER TERM PLACEMENTS. ON THE OTHER HAND, FOLLOW-UP WHICH REQUIRES TRACKING OVER A LONG PERIOD COULD BE

DIFFICULT AND COSTLY.

THE USE OF THIS MEASURE TENDS TO DISCOURAGE ENROLLMENT OF THE UNMOTIVATED, UNSKILLED AND YOUTH.

INCREASED EARNINGS

AGAIN, THIS IS EASY TO MEASURE BY CHECKING THE PARTICIPANT'S INCOME STATUS ON THE DAY OF TERMINATION. SOME PEOPLE STRONGLY OPPOSE THE USE OF AN HOURLY WAGE, HOWEVER, BECAUSE IT "REWARDS" A HIGHLY PAID SEASONAL OR TEMPORARY PLACEMENT. LONGER TERM WAGE MEASURES REQUIRE TRACKING PARTICIPANTS AND ARE MORE DIFFICULT BECAUSE THEY DEPEND ON THE COOPERATION OF THE EMPLOYER AND EMPLOYEE.

THIS TENDS TO ENCOURAGE HIGH COST TRAINING IN HIGH SKILL LEVEL OCCUPATIONS BECAUSE THE STARTING SALARIES ARE HIGHER. IT MAY ALSO ENCOURAGE ENROLLMENT OF THOSE WITH THE LEAST PRIOR EARNINGS.

IN AREAS WHERE A LARGE NUMBER OF DISPLACED WORKERS PARTICIPATE IN EMPLOYMENT AND TRAINING PROGRAMS, HOWEVER, IT MAY BE UNREALISTIC TO EXPECT PARTICIPANT EARNINGS TO INCREASE. THIS IS ESPECIALLY TRUE FOR AREAS WHERE THERE ARE A LARGE NUMBER OF LAID-OFF AUTO WORKERS WHO ENJOYED HIGH SALARIES. IT IS DOUBTFUL THAT RETRAINING WILL PREPARE THEM FOR JOBS WITH ENTRY LEVEL SALARIES COMPARABLE TO THEIR FORMER JOBS. THEREFORE, THE PERFORMANCE CRITERIA SHOULD BE FLEXIBLE ENOUGH TO TAKE THIS INTO ACCOUNT.

REDUCTION IN INCOME SUPPORT PAYMENTS

DEPENDING ON STATE AND LOCAL REGULATIONS, INFORMATION ON INDIVIDUALS' INCOME SUPPORT PAYMENTS MAY BE DIFFICULT OR EVEN IMPOSSIBLE TO OBTAIN. IT MIGHT BE APPROPRIATE TO APPLY A LOCALLY STANDARD FORMULA TO THE NUMBERS OF WELFARE RECIPIENTS PLACED LOCALLY TO COMPUTE AN ESTIMATED SAVINGS FIGURE.

THIS WOULD CERTAINLY ENCOURAGE THE ENROLLMENT OF INCOME SUPPORT RECIPIENTS. A FORMULA BASED ON PLACEMENTS MIGHT PROMOTE A "PLACEMENT AT ALL COSTS" MENTALITY. IF THERE WERE A WAY GENUINELY TO MEASURE REDUCTIONS IN INDIVIDUALS' BENEFITS, THIS WOULD PROMOTE LONGER TERM, HIGHER COST TRAINING MOST LIKELY TO KEEP A PERSON EMPLOYED OVER TIME.

WHILE FULLY SUPPORTIVE OF THE NEED AND IMPORTANCE OF PERFORMANCE STANDARDS WE SHOULD NOT DEVELOP COSTLY SYSTEMS FOR THIS PURPOSE AT THE EXPENSE OF DIRECT CLIENT SERVICES.

DISPLACED WORKERS

WE SUPPORT THE DESIRE TO CREATE A PROGRAM FOR DISPLACED WORKERS IN THE BILLS BEFORE YOUR SUBCOMMITTEES. HOWEVER, WE DO NOT SUPPORT THE MATCHING REQUIREMENT FOR THIS PROGRAM. WE URGE YOU TO PROVIDE ADEQUATE AUTHORIZATION FOR THIS PROGRAM THAT WILL BE SO VITAL TO OUR NATION'S RECOVERY.

ON THE JOB TRAINING

TO ENCOURAGE ON THE JOB TRAINING, LEGISLATION MUST PERMIT THE PROGRAM TO BE ATTRACTIVE TO EMPLOYERS, YET AUDITABLE AT THE PRIME SPONSOR LEVEL. CURRENT REGULATIONS HAVE ACHIEVED THOSE GOALS FAIRLY WELL. NEW LEGISLATION SHOULD ALSO BE FRAMED TO INSURE THAT EMPLOYERS DO NOT TAKE ON GOVERNMENT AUDITS AND PAPERWORK WITH THEIR OJT PARTICIPANTS AND THAT THEY DO RECEIVE FAIR REIMBURSEMENT FOR THE EXTRAORDINARY COSTS OF TRAINING. PROGRAM OPERATORS MUST HAVE ASSURANCE THAT THEIR ARRANGEMENTS WITH EMPLOYERS CAN BE SIMPLE AND STILL PASS THE AUDITOR'S REVIEW.

SINCE THE 1978 CETA AMENDMENTS, THE DEPARTMENT OF LABOR HAS MAINTAINED A 50 PERCENT FIXED-RATE REIMBURSEMENT POLICY AS A CONVENIENT AND SIMPLE METHOD OF QUANTIFYING THE EMPLOYER'S EXTRAORDINARY COSTS, INCLUDING THOSE ASSOCIATED WITH THE TRAINEE'S LOWERED PRODUCTIVITY. THIS AVOIDS LABORIOUS, CASE BY CASE DOCUMENTATION OF OJT COSTS. WE STRONGLY SUPPORT THE CONTINUATION OF SUCH A METHODOLOGY. HOWEVER, FRINGE BENEFITS, AS WELL AS WAGES, SHOULD BE PART OF THE BASE FOR THIS COMPUTATION. IN ADDITION, IT IS ESSENTIAL TO PERMIT OTHER REASONABLE METHODS, INCLUDING THE USE OF A SLIDING-SCALE REIMBURSEMENT POLICY WHICH DECREASES FROM 100 PERCENT BASED ON LENGTH OF PARTICIPATION AND JOB PLEDGES BY THE EMPLOYER.

WITH THESE CONCEPTS IN MIND, WE ARE CONCERNED THAT THE APPARENT FLEXIBILITY OF S.2036 OPENS THE DOOR TO AUDIT AND DOCUMENTATION PROBLEMS. WE PREFER H.R.5320, WHICH

LISTS MORE SPECIFIC ALLOWABLE COSTS, INCLUDING THE COSTS ASSOCIATED WITH LOWER PRODUCTIVITY. IT MAY BE WISE TO ADD SOME PROVISIONS FROM THE CURRENT REGULATIONS OR TO WAIVE CASE BY CASE DOCUMENTATION EXPLICITLY TO INSURE THAT THE LAW JUSTIFIES THE FIXED OR DECREASING RATE CONCEPT.

WE SUPPORT THE "TRYOUT EMPLOYMENT" PROVISIONS OF MR. JEFFORDS' BILL (H.R.5461, SECTION 136) IN THE PRIVATE FOR-PROFIT, NON-PROFIT OR PUBLIC SECTORS. THIS SHOULD BE AN ALLOWABLE ACTIVITY FOR ALL PRIME SPONSORS. WE ALSO SUPPORT A SIMILAR PROVISION IN SECTION 105(A)(3)OF S.2036.

FINALLY, WE RECOMMEND A LOCALLY DEVELOPED STANDARD THAT PROVIDES GUIDANCE ON THE LENGTH OF TIME NEEDED TO ACQUIRE A SET OF OCCUPATIONAL SKILLS. OFTEN, THE U.S. DICTIONARY OF OCCUPATIONAL TITLES, THE CURRENT OJT STANDARD FOR DETERMINING TRAINING DURATION, IS IRRELEVANT FOR THE KINDS OF INDIVIDUALS WHO ARE TARGETED BY EMPLOYMENT AND TRAINING PROGRAMS. WITH INPUT FROM LOCAL EMPLOYERS, REASONABLE STANDARDS CAN BE AND SHOULD BE DEVELOPED.

PUBLIC EMPLOYMENT

PUBLIC SERVICE EMPLOYMENT HAS BECOME A DIRTY WORD. ITS ABUSE AND PERCEIVED ABUSE GAVE CETA A BAD NAME. HOWEVER, SHORT-TERM PUBLIC SERVICE EMPLOYMENT IS STILL THE FASTEST WAY TO PUT PEOPLE TO WORK AT TIMES OF HIGH UNEMPLOYMENT. RURAL AREAS AS WELL AS AREAS OF THE COUNTRY THAT RELY ON ONE INDUSTRY — WHETHER IT BE COAL, TIMBER, OR AUTOMOBILES — ARE OFTEN MOST IN NEED OF THIS APPROACH. WE WOULD SUGGEST AN ADDITIONAL OPTION OF FUNDING NATIONAL EMPHASIS PROJECTS THROUGHOUT THE COUNTRY. FOR EXAMPLE, OUR EAST COAST HARBORS NEED DREDGING AND ENLARGING TO MEET THE DEMAND FOR COAL EXPORTS. BRIDGES THROUGHOUT THE UNITED STATES ARE DISASTERS WAITING TO HAPPEN AND ARE IN DIRE NEED OF REPAIR. SUCH HIGHLY LABOR INTENSIVE, NATIONAL EMPHASIS PROJECTS WOULD PROVIDE THE UNEMPLOYED WITH SHORT-TERM EMPLOYMENT WITH THE REAL POSSIBILITY FOR TRANSITION WHILE REBUILDING OUR COUNTRY AND ITS ECONOMY. IT WILL PROVIDE A VISIBLE DEMONSTRATION TO OUR VOTERS OF WHAT WELL MANAGED PUBLIC EMPLOYMENT PROJECTS CAN PROVIDE.

WE SUPPORT AUTHORIZATION OF PUBLIC SERVICE EMPLOYMENT AS AN ALLOWABLE ACTIVITY IN THIS LEGISLATION.

LINKAGES WITH EDUCATIONAL AGENCIES

EL-2 IN THE PAST, CETA HAS BEEN "CHRISTMAS-TREED" WITH A VARIETY OF SET-ASIDES TO ENHANCE LINKAGES WITH EDUCTIONAL AGENCIES. THESE LINKAGES HAVE BEEN A ONE-WAY STREET. WE URGE THAT IF ANY COMPROMISE BE REACHED TO INCLUDE FUNDS FOR THE EDUCATION COMMUNITY THAT THE FOLLOWING PRINCIPLES BE ADHERED TO REGARDING THE EXPENDITURE OF EMPLOYMENT AND TRAINING FUNDS:

1. FUNDS WILL ONLY BE SPENT IF THE LOCAL AGENCY OR SCHOOL CAN COMPETE COST EFFECTIVELY AND PROVIDE QUALITY SERVICES;
2. ALL FUNDS UNDER THIS LEGISLATION MUST BE EQUALLY MATCHED BY STATE OR LOCAL EDUCATION MONEY; AND,
3. THESE MATCHED FUNDS WILL BE SPENT BASED ON AN AGREEMENT BETWEEN THE EDUCATION AGENCY AND PRIME SPONSOR ADMINISTRATOR.

LINKAGES WITH THE EMPLOYMENT SERVICE

WE SUPPORT A STRONG ROLE FOR THE PRIVATE SECTOR COUNCIL IN THE PLANNING FOR THE LABOR EXCHANGE FUNCTIONS OF THE EMPLOYMENT SERVICE (ES). THE ES SHOULD BE USED BY THE PRIME SPONSOR WHEN THE LOCAL OFFICE CAN COMPETE COST EFFECTIVELY FOR THE SERVICES DESIRED.

REPORTING

WE URGE BOTH SUBCOMMITTEES TO BE MORE SPECIFIC IN LANGUAGE DESCRIBING THE REPORTING REQUIREMENTS OF THE NEW LEGISLATION. WE URGE THE CONGRESS TO REQUIRE ONLY QUARTERLY REPORTS AND SPECIFICALLY TO PROHIBIT THE DEPARTMENT OF LABOR FROM DEMANDING DAILY, WEEKLY, OR MONTHLY REPORTS BY TELEPHONE OR BY ANY OTHER METHOD UNLESS SPECIFICALLY REQUESTED BY A COMMITTEE OF THE CONGRESS. IT WOULD BE NICE IF THE CONGRESS COULD DECIDE IN THE LEGISLATION WHAT DATA IT NEEDS TO PERFORM ITS OVERSIGHT FUNCTION AND LIMIT THE DEPARTMENT OF LABOR TO REQUESTING ONLY THOSE DATA ELEMENTS IN ITS REPORT.

ALLOCATION FORMULA

WE ENDORSE THE ALLOCATION FORMULA USED IN SECTION 201 OF H.R.5320. THIS TARGETED FORMULA HAS BEEN USED IN TITLE II-D, AND WE ARE FAMILIAR WITH ITS IMPACT. WE URGE SENATOR QUAYLE AND MEMBERS OF HIS SUBCOMMITTEE TO ADOPT AN ALLOCATION FORMULA THAT PROVIDES FUNDS TO SUBSTATE AREAS ON THE SAME BASIS THAT THE STATE RECEIVES ITS FUNDS. WE APPLAUD THE SPONSORS OF S.2036 FOR MAINTAINING A NEUTRAL ROLE FOR THE GOVERNOR IN THE SUBSTATE ALLOCATIONS.

WE CANNOT SUPPORT THE APPROACH TO SUBSTATE ALLOCATIONS IN THE ADMINISTRATION'S BILL (S.2184). WE OBJECT STRONGLY TO THE DISCRETION GIVEN THE GOVERNOR NOT TO SPEND MONEY IN PARTS OF THE STATE. WE FIND THIS TO BE AN EXTREME STEP BACKWARD FROM THE PROGRESS IN CETA TO PROVIDE THE OPPORTUNITY TO ACCESS SERVICES TO ALL AMERICANS REGARDLESS OF PLACE OF RESIDENCE. WE OBJECT TO ANY ROLE FOR THE GOVERNOR IN SUBSTATE ALLOCATIONS AS AN UNNECESSARY OVER-POLITICALIZATION OF THE PROGRAM.

ELIGIBILITY

WE SUPPORT A PRIMARY ELIGIBILITY FOR CLIENTS AT 100 PERCENT OF THE BUREAU OF LABOR STATISTICS LOWER LIVING STANDARD LEVEL. WE SUPPORT THE OPPORTUNITY TO SERVE OTHER NEEDY CLIENTS THAT IS PROVIDED IN THE MAJORITY OF THE BILLS BEFORE YOUR SUBCOMMITTEES. WE URGE YOU TO ADOPT LESS PRESCRIPTIVE LANGUAGE IN DESCRIBING THIS "WINDOW" OF ELIGIBILITY.

NATIONAL COMMISSION ON EMPLOYMENT AND PRODUCTIVITY

WE SUPPORT THE CONTINUATION OF THE NATIONAL COMMISSION ON EMPLOYMENT AND PRODUCTIVITY AS DEFINED IN H.R.5320. WE URGE THE INCLUSION OF CURRENT ELECTED STATE AND LOCAL GOVERNMENT OFFICIALS AS MEMBERS OF THE COMMISSION. WE ARE ALSO ATTRACTED TO THE BROADER FUNCTIONS DEFINED BY MR. JEFFORDS' NATIONAL LABOR INVESTMENT BOARD, AND THE POTENTIAL FOR CONSOLIDATION WITH THE APPRENTICESHIP AND VOCATIONAL EDUCATION ADVISORY BOARDS. WE APPRECIATE THE ELEVATION OF IMPORTANCE GIVEN TO THIS COMMISSION BY INCLUDING AN ADVICE AND CONSENT ROLE FOR THE SENATE.

WE APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE THIS JOINT SUBCOMMITTEE HEARING. WE LOOK FORWARD TO ANSWERING YOUR QUESTIONS.

NACo's Section by Section Comments on H.R. 5320

Section 3

We think it is a terrific idea to have a permanent authorization.

Section 4(1)

In the definition of community-based organizations insert the word "local" before "communities" on lines 6 and 7.

Section 4(3)

We like the breadth of your definition of economically disadvantaged. We would like sheltered workshop, food stamp eligibility and "in community care" added to that definition.

Section 4(9)

Strike the reference to the Bureau of Labor Statistics. The areas should include but not be limited to the criteria used by BLS.

Section 4(12)

Rather than limit public assistance to cash assistance, add food stamps.

Section 4(15)

By applying the BLS definition, you are only counting those with labor force attachment, therefore eliminating the discouraged worker. What do you do about school leavers with this definition?

Section 101(a)5

Strike "major" and "functioning" on line 24. Use "a substantial portion of a labor market area."

Section 101(c)1

Maybe you need to insert language protecting the rural CEPs.

Section 101(d)

While we approve the thrust of this section, which encourages the creation of consortia, if you know it is better programmatically to plan a two year period and to allow carry-in to enhance planning, why not make that an available option for all prime sponsors? In a local area, 30 percent carry-over cannot be explained and used as an incentive, though it is a good, flexible idea. We would rather have language saying the Department shall not place any additional restrictions on consortia, like reaffirming the agreement every year, prohibiting outstationing in consortia but not other prime sponsorships, etc. We certainly want to continue the bonuses.

Section 101(e)

The Secretary may designate the next larger unit of government serving that area and then the state as an alternative prime sponsor. This is our preferred language.

Section 101

We would like to retain section 101(d) from the existing CETA law within this section of your bill.

Section 102

We prefer a new name for the private industry council, such as Business and Industry Policy Board.

Section 102(a)(2)

This needs to be clarified to relate specifically to concurrence with the prime sponsor plan as opposed to "any activity," that might be interpreted to deal with day to day spending.

Section 102(b)

How about "subject to the advice and with the consent of the majority of the members in attendance" or "majority of the members" of the council?

Section 102(c)

The remaining members shall "include," not "be." Otherwise you are excluding women, other smaller local governments, and other business organizations.

Section 103(a)(1)and(2)

Strike "minimum" and "national." In (a)(1)(D), change "reduction of income support payments" to "reduction of public assistance for participants." Such standards shall take into account local conditions and the groups served. In section 103(a)(1)(C), do not specify "hourly wages." Make it over a period of time. Otherwise, you have a very inaccurate indicator.

Section 103(b)

The only exception you are allowing for not meeting standards is local economic hardship as opposed to meeting special needs or serving a hard to serve group. We need language to protect the prime sponsors on unreasonable costs for following up on these requirements, perhaps through allowing statistical sampling. Possibly, until we figure out how much this costs, we could say the Secretary shall provide funds to the prime sponsor for this purpose. Otherwise, we are running up the demand on the administrative cost pool.

Section 103(c)

Be a little more specific in terms of "substantial and continual" failure to attain performance goals. The Secretary must provide a hearing to the prime sponsor.

Section 103(c)(3)

Let us not presume that the state automatically assumes prime sponsorship, but the next highest level of government and then the state. Basically what we would like under 103 is a system of national performance standards for local areas that recognize the differences among local areas and conditions.

Section 103(d)

Probably can be eliminated. This one year, temporary program administrator role would not be attractive to anyone, knowing that the other prime sponsor would take it back after a year. The Secretary has enough authority already to handle the problem.

Section 104(a)(2)

Again, the alternate prime should be the next higher unit of government.

Section 104(a)and(b)

We need language, "to the extent such data is available."

Section 104(b)

Each plan under this section "shall include" or "shall be limited to" rather than "include." We recommend replacing 104(b) with assurances, plan outcomes, administrative structure and a budget. The prime would maintain a description of service deliverers to be available on request. There ought to be a specific limit to the length of the plan, say no more than 20 pages, to prohibit further additions. Let's eliminate 104(b)(1)(G).

Section 104(b)(2)

This language ought to be cross-walked back to the national performance standards, particularly if our change is not adopted.

Section 104(c)

Reference back to section 101(b), not section 105. Should you have "notwithstanding the provisions in 101 relating to consortia"? Is this an either/or consideration?

Section 104(c)(2)

We recommend striking (a) and (b) or insert the words, "may include," on line 9. Dollars should be the primary incentive for all the cooperation you are seeking, particularly in the case of 104(c)(2)(A) and (B), which are long range activities that might take a couple of years to develop.

Section 104(d)

Let us eliminate 104(d). We prefer financial incentives, not program management incentives. Let us insert 103(c) of the old law to allow for plan modification.

Section 105(a)(1)

Let us strike the word "revision," at least. "Approval" is all that is necessary.

Section 105(a)(3)

Publish "summaries" and make the full plan available for review.

Section 105(b)(2)

If, in fact, this section must be included, there ought to be a hearing required. Throughout the bill so far, we would like to see time lines for the Secretary. We would recommend striking 105(b)(2). Otherwise, the Secretary might insist on approving every subcontract or OJT. You do not want to send in every grant to the Department for approval prior to implementing your plan. The Secretary does have enough emergency power to intervene in critical situations.

Section 106(b)(4)

We approve the absence of a specific voc ed set-aside.

Section 106(b)

We would like to insert language saying that no project shall be funded within a prime sponsor area without prior concurrence of the local prime sponsor. Should concurrence not be acceptable, we would insist on a minimum of review and comment or concurrence by the local PIC.

Section 107

Has anyone in the system ever identified any useful work that the state employment and training council has done? Why not eliminate funding for this activity and pass on funding for that activity to programmatic funds? Let us eliminate this as a less than critical function.

Section 107(a)(4)

Omit the reference to at least five times a year.

Section 107(b)(1)

Let us eliminate the continuous review of the operations of the prime sponsors. Omit section 107(b)(2).

Section 121(b)

How about "shall provide opportunities equitably among the eligible population"? There is a real data problem the more you split up significant segments of the eligible population. If you do not change substantially, it should be "locally determined" significant segments. We could include language on equity of provision of services to major groups within the community. We just cannot have arbitrary percentage segments to be served.

Section 121(c)(1)

Change this to read, "persons participating may receive allowances."

Section 121(d)

Should be dropped totally. This does not strengthen state law.

Section 121(f)

You certainly should be allowed to work with new branches. It is one thing not to deal with businesses that have closed down and relocated, but new branches should be a viable option. We doubt if the small amount of CETA funds is a factor in any of these changes. The section could be deleted.

Section 121(h)

Let us eliminate the residency requirement here. This is a vestige from PSE, but should not be part of the training programs. Such a requirement really has no base.

Section 121(i)

Let us eliminate "organized for profit," so it would involve all employers.

Section 121(j)

The length of time should be "appropriate for the nature of the job and the characteristics of the participant," not "generally required."

Section 121(k)

Substitute the word "determines" for "demonstrates."

Section 121(m)

Line 17 should read, "shall establish reasonable safeguards to prevent any misuse of funds..." Cut the rest of lines 17, 18, and 19. On line 24, there should be a period after "insufficient care" and the rest of the sentence should be deleted.

Section 121 (n)

Delete the first sentence. Rewrite the second as follows: "No person or organization may charge a fee to the individual for the placement or referral..." The whole issue is that no person should be charged a fee for program services. However, an organization like Job Corps may in fact pay a fee to receive recruiting services.

Section 121(o)(2)

There should be no age restrictions on this activity. Strike this section and list this in section 202(b) as an allowable activity for all people regardless of age.

Section 121(o)(3)

This should read, "unless the prime sponsor determines that there is no appropriate unsubsidized employment immediately available in the area served by the prime sponsor."

Section 121(q)(1)

There should be a twenty percent maximum administrative cost contribution, except where waivers are necessary because of extreme costs. Because of the performance standards, however, no one really knows what those requirements will cost. There has to be provision made by the Secretary to waive the 20% administrative cost in some cases.

Section 122(a)(1)(B)

Delete the words,"pursuant to regulations of the Secretary," and start with, "The prime sponsor may increase, decrease,..." Somewhere in section 122, there should be an addition of the current income disregard provisions of Title IV-A where a parent's welfare grant is not decreased because of the kid's participation in employment and training programs.

Section 122(b)(2)

Should be dropped, because the Secretary could in fact establish an average wage that could be far lower than $10,000, for example.

Section 122(b)(4)

Permit supplementing up to 20% of the maximum or, for example, up to $12,000 for a job.

Section 123(a)

There probably should be a number (6) which states specifically that work experience is different from subsidized employment. For example, in the summer youth program, enrollees would not be provided health insurance and benefits and working conditions similar to other employees even in the subsidized group.

Section 123(a)(4)

There should be a separate sentence specifically excluding unemployment benefits. In line 24 drop everything from,"Any such classification," to the middle of line 1 on page 23. The new sentence should start, "A distinction may be made between subsidized employees and other employees..."

Section 123(b)(5)

Eliminate this section. Given current cuts, this is impossible to enforce.

Section 123(c)(2)

It should read, "No funds may be used to assist or promote union organizing."

Section 124(b)

This should be, "...which has not been obligated by a prime sponsor according to its approved plan." For example, if a prime is planning to spend only 80% or 90% of its money in a particular year, the Secretary still cannot come in and reallocate funds.

Section 125(b)(1)

Certainly, we support another attempt at forward funding.

Section 126(a)

This should read, "Each prime sponsor shall submit once each calendar quarter..." Omit the language, "not less than." Only one report is necessary, not the possibility for multiple reports. We would also like to see the Congress deciding on which data it needs to perform its oversight function and then limit reports to the receipt of only those data elements. Oral reports and telephone reports required either by the Governor or the Secretary must only occur based on a specific request of a committee of Congress. The Secretary should not have freedom to institute those at his whim.

What does cost benefit mean? Are you just talking about placement data, cost replacement or something more detailed than that? Retention data is definitely not available only two months after the close of the fiscal year.

Section 127(a)

The federal government should pay for all audits.

Section 128(a)(1)

At the end of the first sentence after the word "persons" add, "which allege violation of the provisions of this Act or the policies of the prime sponsor or contractor."

Section 128(a)(2)

Notwithstanding the 30 and 60 day requirements, the participant should exhaust all grievance procedures of the closest level to which he/she is working. In other words, complaints should be dealt with first by the subcontractor and then on up the ladder. We must try to avoid promoting a full set of appeals for every complaint.

Section 128(b)

The Secretary should apply the action of the second sentence directly to the lowest subgrantee, subcontractor or recipient, not just to the prime sponsor.

Section 128(d)(2)

Let's strike this provision. This is really impossible to deal with and would generate multiple grievances.

Section 128(h)

If the Secretary initiates a unified audit, he ought to pay for it. It should not come out of the administrative funds of the prime sponsors.

Section 128(j)

Delete. This encourages one to go to court without going through any administrative or grievance process. The right to sue is already there. Add a new (k) to allow for the use of funds appropriated under this Act and to provide funds to prime sponsors to pay legal fees in responding to any claim made against them. This should not be limited to the administrative cost pool.

Section 129(b)

Has review by an administrative law judge been eliminated?

Section 201(a)(1)

Let's eliminate section (d) which bonuses primes who get non-federal matches. This will just allow the rich to get richer and would not target the money effectively to those prime sponsors who need it the most. We would propose a rewrite of this so that in '83 we would have 89% allocated by formula and 84% by formula in '84 and succeeding fiscal years. For both '83 and '84, 6% would go to the Governor and 5% for consortia bonuses. In '84 and thereafter, 5% would go for performance bonuses. The 6% for the Governor would give them more money than they are getting this year. Be sure to look at dollars as well as percentages.

Section 201(a)(1)(C)

There is no definition for an area of substantial unemployment in this Act.

Section 202(a)(1)

We have prime sponsors across the country now spending over 50%. This language forces each prime to spend at least 50%, which destroys a lot of local flexibility, depending upon who are the significant segments locally.

Section 202(b)(12)

This should be, simply, wage subsidies for private employers not to exceed 6 months.

Section 203(a)

We prefer this language: "Not less than 90% of the funds should be spent on those individuals who are economically disadvantaged." This follows the EOA precedent.

Section 203(b)

Let's not eliminate summer jobs for 14 and 15 year olds by virtue of this language.

Section 203(c)

We prefer the language on page 197, section 465(b)(2). Basically, we do not want a long laundry list of physically handicapped, limited English speaking, displaced homemakers, ex-offenders, alcoholics or addicts.

Title III

The state should not operate programs. Frankly, however, if you are going to give the states anything, give them this one. There ought to be local approval of any program implemented within a prime sponsor area. The prime sponsor administrator must approve funds coming into his area so as not to duplicate services. We approve of your section 305.

Section 306

We prefer review and comment on the part of the labor organizations. Certainly, some unions have continually disapproved any and all OJT contracts and they would just block this from being implemented.

Section 307(b)

This should be, "may be provided allowances."

General Comments for Job Corps

The rest of the Act should be allowed to report on the same basis as Job Corps, i.e., only on completers.

Sections 401 and 402

Could we add section 305 (prime sponsor review) at least for the migrants? Do primes have to serve an equitable portion of reservation Indians if they are getting funds from other sources? All national migrant contracts should follow federal procurement standards.

Section 427(a)

Add prime sponsors under this Act as eligible for the Secretary to make agreements with.

Secton 437(c)

This should also be allowable for prime sponsors.

Section 441 and 442

Let's include prime sponsors as being eligible for these projects.

Section 443

If the reference to the Secretary of HHS is a way to give that Secretary money, let's strike that language.

Section 444

If the Secretary decides to come in and provide you with some service, he ought to pay for it. He should not be able to bill the prime sponsor unless the prime sponsor requested particular assistance.

General Comment on Part C

These sections ought to focus on the purpose of this Act and not fund programs outside of the purpose of this Act. Let's try to help the prime sponsor system by then providing this information on a clearly understandable and timely basis based on completion of various reports and TA efforts.

Section 451(a)

Let's set up a system of local labor market information. That is the only thing that is basically useful. And in general let's not spend too much money on this activity because there are so many conflicting demands for this information and the ability to satisfy people is very limited.

Section 451(a)(2)

Add: "Data collected under this part shall meet the needs and satisfy the Secretary's requirements under section 104 of the Act."

Section 452(a)

Money for this should come out of funding for the staff of DOL and DHHS. We question whether any of this information is useful or cost effective.

Section 453

Add this sentence: "This system shall be directly accessible to all agencies and organizations providing services under this Act without restrictions."

Section 463(a)

It should be for an average of three months within the last twelve months.

Section 465(b)

Congratulations. That is much better wording than in earlier sections for your eligibility window.

Section 466

We would like to suggest that you establish criteria for eligibility and then let everyone who is eligible get money.

Section 472(a)

We like the idea of elevating the importance by giving the Senate an "advise and consent" role. If there is any way that the Commission can be established as a bi-partisan body, that would be good.

Section 474(a)(7)

The Commission should not conduct demonstration projects or really anything that is operationally oriented.

Title V - Amendments to Other Laws

Section 501(b)

Do you mean to give equal weight to (A) and (B) at the top of page 106, i.e., the number of individuals in the labor force and the relative number of unemployed? Shouldn't you have the explicit 50% for each factor? We would recommend a split of 95% of the funds allocated to the states and 5% reward for joint plans. The 2% is not going to achieve very much.

Section 502

Why not have the private industry council do the planning for WIN with the consensus relationship? Simply stated, we would like to see the PIC be planning authority for both Wagner-Peyser and WIN, with concurrence required.

NACo's Section by Section Comments on S.2036

Section 2 Definitions

(3) We would prefer 100% of the BLS lower living standard income level for this definition. Please include a reference to handicapped, people in sheltered workshops, and those in community care facilities in this definition. Also include those who are eligible to receive cash welfare payments but who choose not to receive it, i.e., "the proud poor."

(9) Strike the word person and leave the definition as organizations, units of government, etc.

(12) In the last sentence substitute, "Supportive services should include but are not limited to the following." This will allow regular counseling in addition to financial counseling.

(13) Unemployed persons: let's not eliminate the discouraged worker by defining unemployed in relation to the labor force.

(15) Youth: it should be "have not reached the age 22."

Section 101(a)(1)

We suggest that in light of the Governor's new role as administrator, the 7% off the top be reduced to a lower figure since, as we see it, about $210 million is still left for what was previously known as Governors' special services money. This is far too much money to be left for discretionary use as opposed to allocated to the service delivery areas. There is a possibility for the Governor to be an operator of programs as well as giving out performance bonuses to those programs. We need to clarify role definition for the Governor.

Section 101(b)(3)

This formula has the same problem as the PSE formula did in the sense that you don't see responsiveness to change until two years later. Potentially you could be getting a lot more money two years down the road when you no longer need it.

Section 101 (b)(4)(B)

Your definition of long term unemployed tends to severely discriminate against women. This definition also discriminates against youth since very few if any youth are unemployed for 15 weeks. This does not count in-school youth.

Section 101(c)(1)

We object to a different formula for substate allocations. Substate areas should receive funds on the same basis that their state does.

Section 101(c)(2)

We are concerned with each state being able to set up its own data base. This section is too wide open. Either eliminate the whole section or define more specifically what state options are.

Section 102

We are still not clear as to whether this is an agreement between the old PIC or new PIC. We prefer the flexibility of a prime sponsor option to appoint a new PIC or use the old PIC. After the Governor designates its tentative areas, do you then designate the PIC or do you use the existing PIC?

Let's change the name of the PIC to a Business and Industry Policy Board.

Section 102(b)

We would prefer a reordering of this section,listing (5) first then (4) and then (1).

Section 102(b)(3)

We think the one-time application for area planning and administration is an excellent provision.

Section 102(b)(5)

Please add language which expands this definition to a unit of local government with a population of 250,000 or a consortium of contiguous units of government with one unit having a population of 250,000. Please include an automatic designation of rural CEPs.

Section 102(c)

Please change the four months to six months since the plan is due four months before the beginning of the program year. None of these provisions are tied to when allocations must be given to service delivery areas. This must be added.

Section 102(d)

Please strike the last sentence. The Governor should not have to explain why he has failed to make a change.

Section 103

Planning is an integral part of management. This artificial separation of the two does not make sense either for employment and training programs or in private business. No corporation sets up its structure this way. Can you imagine General Motors subcontracting its planning?

Section 103(b)(2)(A)

We strongly recommend that individuals that do not have "profit or loss responsiblity" not be categorically excluded from participation on this body. Let's open up this definition.

Section 103(b)(2)(B)

We are concerned that the nomination from general purpose business organizations may tend to exclude small business and minority business representation. There may not be general purpose business organizations in a lot of areas of the country. There may be a multiplicity of business organizations. There ought to be a window for other appointments. After you appoint those nominated, we would like to see a cross-reference to the 102(b)(3) language that allows one application for designation of planning and administration.

Section 103(b)(2)(C)

You are creating unnecessary procedures for stalling by the proportational representation "out." This knocks out the advantage of 102(b)(3). We would prefer that an agreement be forced rather than allow the option of proportional decision making. Thus, no PIC would be approved by the Governor until agreement is reached on 103(b)(2)(C). Nominiating bodies should not veto the replacements. Why allow the PIC to adopt by-laws? This tends to obviate partnership and establishes turf.

Section 103(b)(6)

Strike 50,000 and insert 100,000. Let's not bring in yet another unit of government of 50,000 into the existing system. Prime sponsor elected officials serving on an executive board have brought in smaller units of government. Let's leave it that way and not mandate units of 50,000.

Section 103(b)(3)and(4)

Do not put in the language "in the absence of such agreement, by the Governor." This tends to create delays. Let's force the agreement.

Section 103(c)

Again, let's refer here to the language of 102. If there is joint agreement on the designation of the planning function and the administrator, then this section is no longer applicable. Planning and administration must be integrated so there is one hiring of staff done by the administrator. Do not separately enfranchise a planning authority. It makes no sense in the real world.

Section 103(e)(1)

Let's just publish a summary of the plan and not the complete plan. Let's eliminate the council hiring of a hearing examiner. The language in this section should read "each service delivery area shall publish a plan" since we are talking about a joint agreement of the chief elected official and the PIC. Thus, the administrator will publish the summary of the plan and make the comlete plan available for review.

Let's eliminate the language which says "if such official does not agree..." How many times have primes not spent money where there is a non-financial agreement required? None to our knowledge. We prefer language that without agreement no plan goes forward. Otherwise, this is just more incentive to stall. As with previous comments, this language tends to eliminate the goal of a partnership.

Section 104(a)

Is the prime sponsor the administrator? We need a concept of someone being accountable for the area.

Section 104(b)(1)

Eliminate the language of designated representative. We need to make that an executive board of elected officials. Please reference 104(b)(1) to the joint agreement we like so much in 102(b)(3).

Section 104(b)(1)(C)

We object to limiting decision to the private industry representatives. It should be a majority of the PIC.

Section 104(b)(2)

We prefer the language, "the current administrator has not adequately performed under the performance measures previously established by the Secretary." This would make this section an effective transition position.

Section 104(b)(4)

Language should be added to waive this provision under exceptional circumstances.

Section 104(b)(5)

The 80% restriction should be eliminated for any administrator. We want the most effective program possible. Let's not establish artificial restrictions.

Section 104(c)(1)and(2)

If there is no purpose for the state council other than delineated here, we would propose to simply eliminate state councils. What real purpose have they served under CETA other than providing a trip to the state capitol that people use for other purposes? By using the word may, you probably concluded that state councils are ineffective. Let's just eliminate them unless other useful activities exist for the councils.

Section 105(a)(1)

It should say, "on-the-job preparation for work."

Section 105(a)(3)

In lieu of six weeks substitute six months or at a minimum, twelve weeks. There should be a commitment to hire a percentage of the people successfully completing such an arrangement.

Section 105(a)(4)

This tneds to make the OJT system more restrictive. We prefer the language "payment to employers" not just private-for-profit employers. Thus, you would include public as well as private nonprofit and public nonprofit employers. Your language requires far more documentation than presently exists in OJT.

Section 105(a)(5)

The payments for stipends and allowances should neither be prohibited nor mandated. A description on the need for allowances could be argued in the plan. Stipends are far easier than reimbursement of costs.

Section 105(c)

We prefer language that says, "at least 90% of the persons eligible to particpate shall be economically disadvantaged." Do not be so prescriptive regarding the 10% window.

Section 105(d)(1)

We need a definition for cost effectiveness. Past performance implies a priority for existing deliverers. That may not be a valid consideration for those who can provide effective service delivery which meets both cost and program performance criteria.

Section 105(d)(2)

The curriculum of the agency should be reviewed. This section does not exclude on-the-job training. Maybe this should be limited only to classroom training. This agency ought to be approved through the same joint powers agreement in Section 103(b)(3).

Section 105(e)

Our comment leads us to the general philosophy that the Governor should not be operating programs, but should provide funds to programs operated in service delivery areas. Eliminate all program operation by the Governors and put that money in the allocations to service delivery areas. We need to increase the 71% allocation.

Section 105(e)(7)

We do not need a state MIS system. Thus, we would delete 4,5, and 7 from this section.

Section 105(e)(8)

This money must go to service delivery area programs and not to Governors' programs. If you will not eliminate funding for Governors' programs, then they must consult with the local service delivery area administrator to insure that the program does not duplicate existing efforts or fund agencies with poor past performance.

Section 105(f)(1)

Eliminate the hearing examiner.

Section 201(b)

Some programs for urban Indians have been administered at the local level by prime sponsors. Why not continue that option? Please insert the language in 202(d) into section 105 on program elements.

Section 202

There ought to be information transferred between those running Indian programs within prime sponsor or service delivery areas and the administrator of the service delivery area. There ought to be encouragement for exchange of programatic information as well as LMI information. We would strongly request language for a review and comment by the administrator of each local service delivery area in which a program under either Part A or B is being proposed to be funded. This must occur prior to funding and not as an exchange of information. See comment for section 105(e)(8).

Section 212(b)(1)and(2)

This is an excellent section.

Section 222(a)

We would like to encourage if not mandate the continuation of the CLMS study with direct reporting of results of that study to the Congress on a periodic basis.

Section 222(b)

We feel a year is too long and that three and six months tracking is adequate. Getting the information on comparable employers would be quite expensive if not impossible due to confidentiality and other reasons.

Section 223(d)

Please strike the special designation for community based organizations in this subpart. If you are going to list CBOs why not list public interest groups of demonstrated effectiveness? We would prefer to see reference to specific groups dropped from the legislation in this subpart.

Section 224

"The Secretary should provide technical assistance to the administrators and staff of service delivery areas," might replace this section.

Section 231(a)(2)

Funds to other agencies under this Act should be supplementary to the other sources listed in this section. We do not want funds for this program ripped off for labor market information when it should be funded out of other sources.

Section 231(b)

We need a comprehensive national system of local labor market information. Otherwise this language probably is not useful at the service delivery area.

Section 232(d)

Let's not set up a separte LMI system for the Secretary.

Section 232(c)

Funds under this Act should not be spent to fund federal staff. Those funds ought to come from their own S&E account.

Section 233(a)

Data collection must be done on service delivery areas and returned in a timely fashion. It must be done in advance of the period of time for which it is needed under standards prescribed by the Secretary to avoid each state developing its own system.

Section 233(c)

What fund is the Secretary reimbursing from? It appears that the states already get money for this function. From what source of funds will the Secretary be paying for these costs?

Section 301(b)(3)(A)and(B)

Potentially, you need $6.65 billion for the 21 month period of October 1, 1982,to June 30, 1984. I doubt funds will be appropriated for transition. Thus, you could end up with $3.8 billion for 21 months.

Section 302 (a)(5)

The Governor is getting $113 plus $266 million (section 101(a)) or a grand total of $379 million. This is too much money given past performance.

Section 303(a)(2)

We might want to expand "reductions in cash welfare payments" to "reductions in publc assistance costs to individuals." Why don't you include food stamps since food stamps is one of your eligibility criteria? Will local service delivery areas be able to get adequate data on receipt of public assistance payments given the privacy problems?

Section 303(b)(3)

Let's eliminate this role for the Governor. Local service delivery areas must be able to negotiate performance criteria based on their plans.

Section 303(b)(3)

We find this to be a much better provision than H.R.5320, but this should be a local role.

Section 303(e)

This must be for service delivery areas only. We assume this is 10% of the 7% in section 101(a)(1). Should the Governor be able to bonus his programs if he is the only program operator in the state (i.e., the case of state-wide consortia or if no local delivery areas exist)? We would suggest a section for the Governor to spend some money for areas that provide service to over 75% of a labor market area.

The Governor should disseminate information on the effective techniques used by different service delivery areas to achieve superior performance. This should be shared around the country.

Section 303(f)(1)

There must be an evaluation of the Governor's technical assistance. Without any evaluation of the technical assistance, should programs be dropped?

Section 304(a)(1)

Do we want to mandate a state accounting system? The state should mandate and certify that the service delivery areas' accounting systems meet generally accepted accounting procedures.

Section 304(a)(2)

We need to keep politics out of the audit. Audits should not be done by a state agency. They should be contracted out to recognized audit firms. The real issue is the resolution process with an independent auditor and not with the Governor for the obvious political reasons. The Secretary must pay all costs of the audits.

Section 304

Don't you think we are enfranchising too many overseers (i.e., OMB, the controller general, the inspector general, etc.)?

Section 304(b)(1)

Don't you need to require an audit of every recipient to determine the effectiveness of each recipient?

Section 304(c)(1)

If the amounts are inconsequential, and the program meets the five conditions specified in the old public service employment regulations, the Secretary should be able to waive repayment.

Section 305(c)(1)

Reports to the Secretary should not be required any more frequently than quarterly. The Secretary should be prohibited from requiring interim written or verbal reports unless requested by the relevant authorizing committee of the Congress.

Do not allow the states to prescribe a management information system. Specific financial systems should not be mandated by the state either.

Section 306

We want to congratulate you on this section, particularly clause (4).

Section 307(a)(1)

State and local government representatives must be current elected officials from state and local governments and not their representatives.

Section 308(a)

A full set of rules and regulations must be published on October 1 of the fiscal year for which there is an appropriation with final set published by January 1. This allows for the service delivery areas to plan under the rules and regulations which will affect their program year plan. Thus, all federal guidance including Form Preparation Handbooks must be published in draft form on October 1 for final publication on January 1.

Section 309(b)

You are amending section 468, which is utilization of funds section in P.L. 95-524. Please correct the reference.

Section 401

We applaud the concept of identical service delivery areas for the employment service.

Section 5(a)

Does this mean that there is an annual appropriation out of federal general revenues? Or is it still out of the UI trust fund?

Section 6(b)

Are we right in understanding that 75% of the money is passed through to service delivery areas?

Section 7(a)

Plans for the service delivery area should be prepared by the administrator for that area. Does the second sentence of section 7(a) only refer to those service delivery areas where the prime sponsor remains as the administrator?

Section 7(c)

It should be forwarded to the appropriate state agency for incorporation in the consolidated state plan. The state should not have a role in changing the local plan.

Section 8(b)(6)

How are you defining superior performance for the employment service? It is not clear what criteria you are establishing.

Section 501(a)

We think that $100 million is too low and should be increased but not at the expense of the $3.8 billion.

Section 501(b)

Long-term unemployed data is very weak and tends to discriminate against women.

Section 502(a)

"The state may provide for the use of the administrator of the service delivery areas established under title I," is preferred to the reference to the PIC.

Section 502(b)(1)

"...with the assistance of the local administrator," is preferred to the reference to the PIC.

Section 502(b)(2)

The administrator of each service delivery area should determine whether training opportunities exist, not the state.

Section 503

Please allow the use of UI payments to individuals to count toward the match. We prefer no matching requirement.

Section 504

"Every state shall provide a preferential opportunity to service delivery areas to apply for funds under this title," is preferred language.

Section 603(b)(1)

Does this provision make everything else in the Act moot? Can a state agency take over a service delivery area if it promotes efficiency or does this provision only refer to those states in which there are no existing local prime sponsors with current expertise?

ATTACHMENT 1

TO TESTIMONY OF

PAULA J. MACILWAINE, PRESIDENT
BOARD OF COUNTY COMMISSIONERS
MONTGOMERY COUNTY, OHIO

March 16, 1982

BEFORE HOUSE AND SENATE JOINT SUBCOMMITTEES ON EMPLOYMENT

House Subcommittee on Employment Opportunities

Senate Subcommittee on Employment and Productivity

BRIEFING PAPER

THE NEED FOR A NATIONAL EMPLOYMENT AND TRAINING PROGRAM

As of December, 1981, unemployment in the United States reached 8.3%. In Ohio an estimated 601,200 people were out of work, not including those people who have given up the search for employment. These people represent a large portion of the population who are "structurally unemployed," that is, they lack skills and attitudes necessary for finding and keeping jobs.

A National Employment and Training program is often the only resource available to help this segment of the population to become productive, tax-paying members of our economy. The National Council on Employment Policy, in their September, 1981 Policy Statement, stated that the limited evaluative data available shows a consistent pattern indicating that almost all of the major CETA components were a good investment, returning more than dollar for dollar spent to the economy. Additional benefits in reduced arrest rates for youth and retention rates for youth in schools were also found.

In this era when unemployment is reaching, if not surpassing, the highest rates since World War II, it is critical that Federal support of the economy through increasing access to the job market for a significant portion of the population be maintained.

ESSENTIAL ELEMENTS FOR EMPLOYMENT AND TRAINING PROGRAMS

To be effective in reaching those individuals most in need of help and improving economic conditions for our localities and states, the following elements must be present in our National Policy:

> Programs must be locally administered. It is the local elected officials who are in closest contact with the needs of individuals and business. It is this core group of local officials who can be most responsible to and liable for meeting the needs of their communities.
>
> Programs must be flexible. In order to meet the diverse needs of the localities within the nation, the national policy must provide for maximum program flexibility at the local level. In this manner programs to encourage job creation and a trained labor force can be balanced according to local needs.
>
> Consistent goals and targets for programs from the national level must be put in place and maintained. Continued changes in goals and targets leads only to confusion regarding accomplishments and hinders any quality evaluation of program results.

The local business community, which is the main provider of job opportunities which lead to economic growth, must be involved in the planning of programs at the local level.

The Federal government must make sufficient funds available to localities to address the growing needs identified.

LEGISLATIVE ALTERNATIVES

Altough some of the new legislative alternatives suggest a dismantling of the current operational systems and construction of new systems, this process may be more expensive and less fruitful than adjustments to the current system would be. As stated earlier, a pattern of consistent payoffs from the current system has been documented. Therefore, other issues more substantive than creating a new employment and training system should be the focus of new legislation.

Changing the size of eligible locales from the current 100,000 population figure to a minimum of 250,000 population would tend to decrease the local responsiveness which is absolutely necessary to maintaining a successful program. An increase in the State role in this area, or construction of larger balance of state jurisdictions, would defeat any attempt at addressing local labor market concerns. A coordinated approach to economic growth cannot be fostered in an area which has no labor market meaning.

The issue of liability, both administrative and fiscal, must also be addressed in any new legislation. Under the proposed Senate plan, the Private Industry Council is solely responsible for the design of the program while a local government may administer it. The issue of liability for program results becomes extremely unclear in this type of bifurcated arrangement. The extent of liability for and ability to account to the taxpayer for use of Federal dollars should the PIC administer the program is even more unclear.

The appointment of members to the PIC is also an issue. Under the Senate version of the bill, the number on local boards is determined by the governor. The ability of the governor to determine, throughout the entire state, how many representatives can fairly reflect the diverse concerns of any local area is, at best, limited. Some other means to involve the governor must be sought.

Even under the House version of the bill, where governmental units are heavily involved in the initial appointment of PIC members, there is no involvement in the appointment of replacements. In this situation the local elected officials retain all liability for plans in which they may have minimal input.

Two other substantive issues that must be addressed involve issues of consistent targeting and funding. The proposed Senate bill eliminates the ability to pay allowances to clients. Although a reduction in the amount of funds spent in the area may be desirable, local circumstances should dictate the use of allowances as the House bill suggests The Senate approach becomes even more confusing when one examines the provision which allows the payment to employers under OJT to be "whatever costs are incurred." A clear determination of who is the real beneficiary of an employment and training program must be made.

In the House provisions for a special program for the displaced worker, a dollar for dollar match of funds is required. This area should be carefully scrutinized to determine if such a requirement will prevent intervention in those areas hardest hit by displacement. It would be misleading to design a program which will, by its nature, be unable to fulfill its goals.

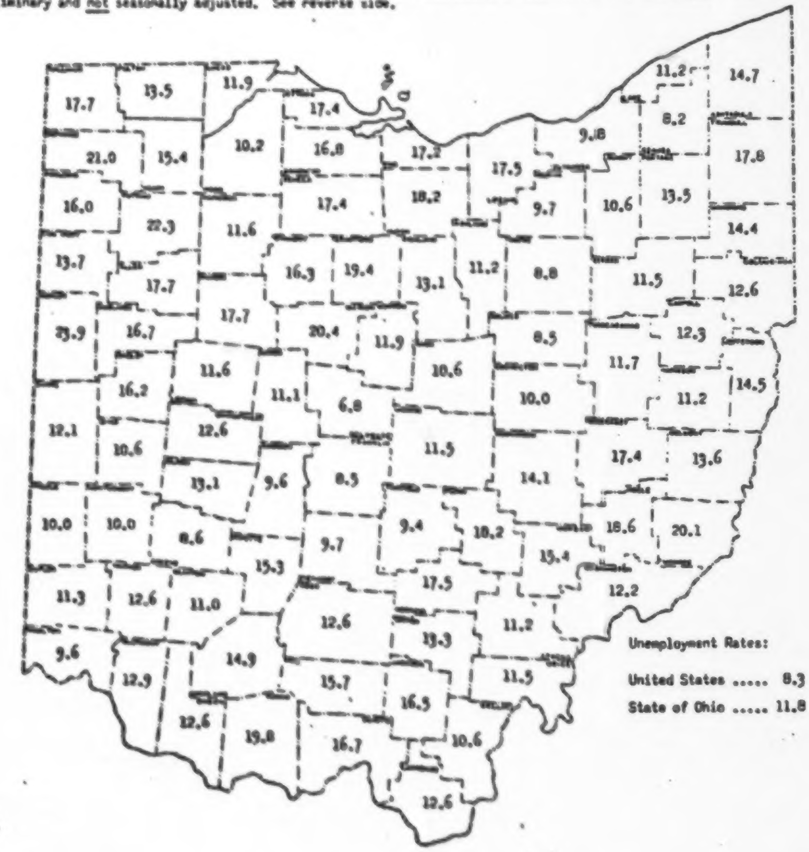
Finally, the allocation procedures which are proposed by the Senate version must be examined. States are allocated funds on the basis of the number of long-term unemployed and economically disadvantaged residents. Yet substate allocations are made on the basis of economically disadvantaged only. This procedure would adversely affect those localities in which a significant proportion of the target population resides.

Issues are raised in this paper in an attempt to aid those concerned with Federal employment and training programs in focusing on those areas which are of grave concern to local elected officials.

Ohio Labor Market Information
BUREAU OF EMPLOYMENT SERV
JOB SERVICE OF OHIO
JAMES A. RHODES, Governor
ALBERT G. GILES, Administrator

OHIO LABOR FORCE ESTIMATES, BY COUNTY
DECEMBER 1981

The Ohio Bureau of Employment Services, aided by its network of public employment offices, updates labor force reports for each Ohio county every four months (22 counties each month). One-page statements offer current labor force estimates as well as qualitative information on the labor supply. These reports are available without charge, upon request to the local office serving the respective county. Unemployment rates are presented on the map below. Estimates are preliminary and not seasonally adjusted. See reverse side.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Unemployment Rates:

United States 8.3

State of Ohio 11.8

For additional Labor Market Information, write
WILLIAM PAPIER, *Director of Research and Statistics*, BUREAU OF EMPLOYMENT SERVICES, COLUMBUS 43216

OHIO LABOR FORCE ESTIMATES, BY COUNTY, DECEMBER 1981[a]

County	Labor Force[b]	Employed	Unemployed	Rate[c]
Ohio total .	5,104,900	4,503,700	601,200	11.8
Adams	9,309	7,467	1,842	19.8
Allen*	54,646	44,996	9,650	17.7
Ashland	22,516	19,995	2,521	11.2
Ashtabula*	46,735	39,873	6,862	14.7
Athens	19,115	16,979	2,136	11.2
Auglaize*	20,737	17,284	3,453	16.7
Belmont	38,200	33,009	5,191	13.6
Brown	14,133	12,357	1,776	12.6
Butler	113,478	100,650	12,828	11.3
Carroll	12,197	10,698	1,499	12.3
Champaign*	14,804	12,933	1,871	12.6
Clark*	68,741	59,743	8,998	13.1
Clermont	61,483	53,570	7,913	12.9
Clinton*	17,490	15,567	1,923	11.0
Columbiana* ...	48,773	42,641	6,132	12.6
Coshocton*	16,666	15,002	1,664	10.0
Crawford	22,495	18,135	4,360	19.4
Cuyahoga	744,738	671,857	72,881	9.8
Darke*	29,624	26,029	3,595	12.1
Defiance	17,967	14,202	3,765	21.0
Delaware	27,473	25,595	1,878	6.8
Erie*	38,225	31,645	6,580	17.2
Fairfield	47,254	42,803	4,451	9.4
Fayette*	11,725	9,933	1,792	15.3
Franklin	458,553	419,646	38,907	8.5
Fulton	17,380	15,041	2,339	13.5
Gallia*	14,050	12,561	1,489	10.6
Geauga	34,609	31,761	2,848	8.2
Greene	60,178	54,982	5,196	8.6
Guernsey*	18,044	14,901	3,143	17.4
Hamilton	436,920	394,883	42,037	9.6
Hancock	32,841	29,027	3,814	11.6
Hardin	14,633	12,043	2,590	17.7
Harrison	6,355	5,644	711	11.2
Henry	13,530	11,449	2,081	15.4
Highland*	14,405	12,254	2,151	14.9
Hocking	8,464	6,987	1,477	17.5
Holmes	12,027	11,006	1,021	8.5
Huron*	25,844	21,128	4,716	18.2
Jackson	10,866	9,071	1,795	16.5
Jefferson	37,359	31,955	5,404	14.5
Knox*	19,530	17,454	2,076	10.6
Lake	103,981	92,363	11,618	11.2
Lawrence	26,616	23,251	3,365	12.6
Licking	53,706	47,505	6,201	11.5
Logan*	19,627	17,357	2,270	11.6
Lorain	120,173	99,087	21,086	17.5
Lucas	218,373	192,349	26,024	11.9
Madison	17,176	15,521	1,655	9.6
Mahoning	125,399	107,344	18,055	14.4
Marion	32,909	26,205	6,704	20.4
Medina	53,984	48,752	5,232	9.7
Meigs*	11,547	10,220	1,327	11.5
Mercer	22,774	17,339	5,435	23.9
Miami	41,980	37,550	4,430	10.6
Monroe	7,472	5,973	1,499	20.1
Montgomery	274,753	247,206	27,547	10.0
Morgan	5,461	4,621	840	15.4
Morrow	10,458	9,214	1,244	11.9
Muskingum	40,275	34,597	5,678	14.1
Noble*	4,581	3,731	850	18.6
Ottawa	19,366	15,995	3,371	17.4
Paulding	9,077	7,625	1,452	16.0
Perry	11,843	9,692	2,151	18.2
Pickaway	23,601	21,305	2,296	9.7
Pike	10,138	8,551	1,587	15.7
Portage	62,665	54,234	8,431	13.5
Preble	17,565	15,813	1,752	10.0
Putnam*	16,692	12,963	3,729	22.3
Richland	62,353	54,188	8,165	13.1
Ross	28,140	24,597	3,543	12.6
Sandusky	30,481	25,369	5,112	16.8
Scioto	27,360	22,790	4,570	16.7
Seneca*	28,891	23,869	5,022	17.4
Shelby	20,158	16,890	3,268	16.2
Stark	174,890	154,813	20,077	11.5
Summit	238,272	213,071	25,201	10.6
Trumbull	106,948	87,950	18,998	17.8
Tuscarawas	36,515	32,228	4,287	11.7
Union	13,584	12,076	1,508	11.1
Van Wert*	14,676	12,672	2,004	13.7
Vinton	5,062	4,391	671	13.3
Warren	47,384	41,437	5,947	12.6
Washington	28,262	24,804	3,458	12.2
Wayne	47,301	43,150	4,151	8.8
Williams	17,567	14,465	3,102	17.7
Wood	48,431	43,508	4,923	10.2
Wyandot	12,319	10,317	2,002	16.3

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[a] These estimates, prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor, are preliminary, geared to county of residence, and not seasonally adjusted. They should be rounded since precise figures are unwarranted. [b] Civilian labor force equals employment (including workers involved in labor-management disputes) plus unemployment. [c] Rate represents unemployment divided by civilian labor force. *Individual reports for December 1981 are available without charge from local public employment offices serving counties designated by asterisk.

Division of Research and Statistics
Ohio Bureau of Employment Services
Columbus 43216 1-22-82 RS 219

Representative **Hawkins**. Thank you, Commissioner. We will listen to the other witness and we'll have some questions.

The Chair will yield to our distinguished colleague, Mr. Murphy.

Representative **Murphy**. Thank you, Mr. Chairman.

I would for just a second like to introduce the commissioner of my home county of Washington, Mr. Frank Mascara, who during his term as the county commissioner has particularly distinguished himself as a fine administrator, and has increased the activities and interests in the CETA program. He not only had his own administrative abilities geared to that end, but he recruited a professional administrator of the program and other professionals. They did an excellent job during the brief time that CETA was fully flourishing.

I am sure Mr. Mascara will have some good insight as to how we should continue the program and in what manner we should do that.

Thank you, Mr. Chairman. I will now introduce Mr. Mascara.

Representative **Hawkins**. Thank you.

Mr. Mascara.

Mr. **Mascara**. Thank you, Mr. Chairman, and thank you, Congressman Murphy.

Mr. Chairman, Washington County is located approximately 25 miles southwest of Pittsburgh. Washington County's major industries include the production of steel and coal. For the past 7 years our county has been a prime sponsor and has served approximately 15,000 county residents, providing a variety of employment and training activities during that time. For all those in this Nation who genuinely care for the poor and needy, I would like to thank Senators Quayle and Kennedy and Representatives Hawkins and Jeffords for taking a leadership role in initiating a debate to formulate continued legislation concerning employment and training programs. Without your interest and leadership in this respect, I am afraid these programs would have lost the attention they duly deserve.

It will be imperative to gain an early consensus among both the House and Senate in support of one bill if an effective and meaningful program is going to continue. I am hopeful that an early compromise among the sponsors of the four major bills will result from these hearings.

Provided we were to select one bill at this time, it would be the Hawkins bill. It retains the present prime sponsor system which continues a meaningful role for local governments, that is, counties and cities, those closest to the people.

When the bills go to conference and, provided you select an increased role for the States, we would appreciate you taking the following suggestions into consideration. Although I am not 100 percent convinced that the States should replace the Federal Government in administering these programs, I can see where the change has merit, so long as certain conditions are met.

First, States should be required to contract program operations to local political jurisdictions of 100,000 or more. Even with the cutoff of 100,000, as it is now, only 13 percent of the counties in this country are eligible to be prime sponsors. Increasing that limit to 250,000, as mentioned, would mean that only 5 percent of the Nation's 3,041 counties would be eligible to operate the programs. Somehow that does not seem to fit in the prevailing notion of returning programs to local governments.

A mandatory passthrough of funds from the States to local jurisdictions must, I repeat, must be addressed in this legislation. Past experience of administering other types of programs through the States shows that if you avoid this in the legislation, major inequities will arise within the State. Program administration by a local government offers a degree of availability and accessibility as well as 7 years of past experience in operating these programs.

We support funding at a level sufficient to have an impact upon increasing the productivity and employability of our country's needy.

In fiscal year 1982 we will only be able to serve 4-percent of those who need our services, compared to previous years of serving 10 to 15 percent. In my opinion, the 4-percent level for fiscal year 1982 falls short of any reasonable expectation of impacting those in most need. To meet program goals, sufficient administrative funds must be allocated to insure administrative credibility and allow for the capacity to provide necessary administrative functions.

We are in support of the block grant concept allowing program design at the local level. In view of the limited amount of funds appropriated, eligibility criteria should be geared to those most in need. We also see a need for the provision to exempt 10 percent of the participants from meeting the eligibility criteria if they face other barriers of employment.

Formula distribution of funding should be centered around this contention as well. Funds should be determined by a formula heavily weighted to the welfare statistics, but not exclusively. We suggest that the formula be used to determine 75 percent of the total allocation and the remaining 25 percent from performance reviews. I strongly believe that the only way to insure program success is by employing the concept of incentives based upon performance.

A final component in need of compromise is that of allowance payments. We agree that the existing payments might be too high. The amount should be changed to a figure less than the minimum wage. But we should not attempt to eliminate the payment in total. Local government wants to continue its role in making programs like CETA successful. We are geared up and ready to continue our administration.

Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Mascara follows:]

STATEMENT

on behalf of the

WASHINGTON COUNTY, PENNSYLVANIA PRIME SPONSOR

Frank R. Mascara, Chairman
Washington County Board of Commissioners

on

EMPLOYMENT AND TRAINING ISSUES

Submitted to the

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

UNITED STATES SENATE

and the

SUBCOMMITTEE OF EMPLOYMENT OPPORTUNITIES

UNITED STATES HOUSE OF REPRESENTATIVES

March 16, 1982

Mr. Chairman, Members of these Subcommittees, I am here today to offer testimony on behalf of the efforts to reauthorize legislation for an employment and training program for the disadvantaged. I am Chairman of the Board of County Commissioners of Washington County, Pennsylvania. Washington County is in the 22nd Pennsylvania Congressional District represented by Congressman Austin J. Murphy. Many of the 218,100 residents of Washington County are employed in a variety of employment activities including the production of steel and the mining and processing of coal. Unfortunately, 8.8% of our work force are receiving unemployment benefits and 13,084 individuals are receiving public assistance payments.

In order to devise effective employment and training programs and policies and, subsequently, evaluate the success of such programs, it is necessary to establish specific realistic objectives. First, it must be decided exactly what it is we want to achieve. Then, the ways and means to meet these goals and objectives must be developed.

Since it's inception, the Comprehensive Employment and Training Act, commonly known as CETA, has been viewed as a means to reach many objectives. Reduction in the overall unemployment rate, reduction in the unemployment rate of particular population segments, increased work force productivity, reduction in welfare dependency, and assistance in economic development activities have all been cited, at one time or another, as objectives of CETA. While all employment and training programs strive to meet these common goals, CETA has been seen as one of the primary vehicles. We believe that it is somewhat unrealistic to assume that CETA and the 472 Prime Sponsors responsible for administering the Act are able to successfully meet all of these objectives given the current level of funding.

Locally, in Washington County, Pennsylvania, the civilian labor force is comprised of approximately 96,000 people. Of these, 8,500 persons are currently unemployed. It is estimated that approximately 13,500 economically disadvantaged persons and 2,500 welfare recipients will be in need of employment services in FY 82. Given the modified FY 82 allocations, Washington County Employment and Training Agency will service only 4% of the economically disadvantaged in need. This fiscal year (FY82), the Washington County Employment and Training Agency estimates that it will serve 1,100 individuals with a total annual allocation of approximately 2.1 million dollars.

With a level of funding reduced by 68% from the FY 81 allocation, Washington County CETA and Prime Sponsors as a whole can not be looked upon as the means to meet all of the objectives stated previously. We can not substantially reduce unemployment or assist significantly in economic development activities without an ample increase in private sector funding. We have planned to reduce local welfare dependency, increase productivity of the work force, and assist in private sector training providing the mechanism through which individuals acquire or reacquire skills, but the likelihood of achieving these goals has been reduced in proportion to funding reduction. It is our belief, that employment and training policies and programs should be focused upon meeting these objectives. However, the new legislation must provide a funding level and administrative cost provision sufficient to meet the objectives of the new program.

Subsequent to establishing objectives of employment and training policies, it is necessary to develop methods through which those objectives can be reached. One means in the past has been to offer certain incentives, such as wage subsidies, tax credits, etc., to employers in the private sector. While these methods do encourage cooperative involvement between federal employment and training programs and the private sector, it has been our experience, for the most part, in Washington County, that these methods have not been successful. In FY 80, 193 Targeted Jobs

Tax Credit vouchers were issued to participants of the Washington County Employment and Training Agency. Only 2 of these vouchers were certified by private employers. On-The-Job Training programs have been more successful in Washington County (46 OJT enrollments in Fy 81 and 21 individuals entering employment), but the program, overall, is not readily acceptable to the private sector employers in the county. They seem to exhibit somewhat of a reluctance to be come involved in federally funded employment and training program.

A second method utilized in the past for carrying out employment and training policies is the education and training of individuals which enables them to increase their skills. We believe that, in order for employment and training programs to be successful and meet the stated objectives, this method should be the central focus of future programs. CETA should provide the mechanism through which the economically disadvantaged acquire vocationally related skills. Participants should be fully tested and assessed, providing a comprehensive picture of the skills and abilities needed to increase their employability. Those with the background and the needs relevant to current skill training programs should be enrolled. Simultaneously, training or retraining programs focusing on the skills and abilities which will be usable in the labor market should be developed, recognized, and used. Only by assessing individuals capabilities and providing them the opportunity to acquire skills which are now and will be in the future in demand, must be the goal of the consensus employment and training program going to be attained. The new program must make people more employable.

While policies and programs designed to increase the efficiency of labor markets through such measures as job matching, labor market information, and antidiscrimination programs are relevant to employment and training programs and services, they are secondary to the main purpose of such programs. First, we believe that funds sufficient for the training and subsequent employability enhancement of individuals should be made available. Only then, will increasing the efficiency of labor markets prove to be truly beneficial.

Public sector job creation programs, through the provision of wage subsidies, have also been used in the past to meet the objectives of employment and training programs and policies. President Reagan has announced the possibility of establishing a program of this type - Workfare. If Workfare is established in the method which has been proposed, i.e. employable welfare recipients perform jobs in the public sector, the decision as to what level of government (state, local, etc.) should administer the program must be made. In contrast to placing Workfare in the hands of the states through the Departments of Employment Security or Public Welfare, we propose that such a program would best be established in the CETA Prime Sponsors. CETA Primes have had considerable experience in public sector job creation programs through Titles IID and VI Public Service Employment. Workfare, administered through the prime, would fully utilize existing staff abilities, linkages with other agencies, and coordination with established CETA skills training programs.

It is true that CETA typically focused on a wide variety of target groups, including displaced homemakers, the handicapped, youth, older workers, etc. CETA Prime Sponsors were mandated to serve the economically disadvantaged overall and a multitude of specific segments in the population. We do not believe that CETA was able to effectively and individually provide services to all of these target groups. Very simply, we were expected to do all things for all groups of people. This hindered the performance of CETA Prime Sponsors in their annual evaluations.

CETA should first and foremost on a nationwide basis serve the poor. Utilizing the term "poor" as eligibility criteria could simply mean using criteria which has already been established, that is, those individuals receiving some form of public assistance payments and/or those receiving other forms of government subsidy (Unemployment Insurance, etc.) could be determined eligible for an Employment and

Training Program by the Welfare Office. Beyond that, other groups, for example, veterans, handicapped, etc., should be served proportionate to their representation in the population of the jurisdiction's geographic area. Within this realm, we feel that, given the current performance standards placed upon CETA Prime Sponsors, individuals who are more likely to succeed should be given service perference. Potential for success is easily recognizable through comprehensive testing, assessment, and counseling services prior to enrollment. However, there should be an opportunity for up to 10% of the participants to have the eligibility criteria waived if the individual is faced with another employment barrier.

The block grant approach would aide in implementing this approach and decategorizing CETA services. However, the block grant method may also shut out groups, particularly youth, who are in desperate need of employment and training services. A main concern is that the reduced funds in CETA and the present reduced funds in education may seriously prohibit youth from acquiring the educational background and skills necessary for employment. We feel that special provisions for youth programs should be included as an inherent aspect to the block grant concept.

We feel that there should be a strong relationship between the policies and programs of employment and training and those of income maintenance. The concept of Workfare itself provides a distinct linkage between employment and training and income maintenance policies. As stated previously, participation in an income transfer program should provide the central criteria for enrollment in CETA services. Individuals receiving Public Assistance or other forms of federal subsidies should be screened, i.e. tested and assessed, for CETA services. This will provide participants not only with the employment and training skills and abilities necessary to enhance their chances of future employment, but will also promote economic independence among income-transfer recipients. Participants in these programs should receive an allowance payment although it does not necessarily have to be minimum wage. It could equal up to half minimum wage.

To address the issue of the appropriate relationships between federal, state, and local governments in the funding, design, and administration of employment and training programs, we feel that CETA has been an effective means of implementing this nation's employment and most particularly, training efforts. Any attempt to substantially change this system of administering employment and training programs would be unwise.

The Prime Sponsor system is especially important to the new legislation. This system allows local chief elected officials the opportunity to assume a meaningful role in the administration of a program which requires its success be achieved in the localities. In addition, the prime sponsor delivery area should serve political jurisdictions of 100,000 populations or more. This would permit the participation of 13% of the nations counties in the program and allow all primes from the CETA program to continue to contribute their expertise in the administration of the new legislation.

If the states are given control of the new program, then the legislation should include the provision for a mandatory pass-through to local governments of 100,000 population or more.

Traditionally, programs funded with federal monies, which have been passed on to states, and then to local governments to administer, incur high administrative costs. States have tended to take off a high portion of the costs for administrative expenditures, leaving less for the programs and clients for whom the services are intended. This can be evidenced in Title XX monies under the Social Security Act, funding for the elderly under the Older Americans Act, and monies under vocational and rehabilitative services. A reasonable balance between protection of Federal funds and local autonomy can be achieved through the block grant approach and modifications in the appropriation and management methods of CETA programs. The block grant concept would return CETA to its initial stages of providing various services under one Title of the Act. This would allow for Federal policies to be achieved and, at the sametime, provide for local flexibility. Since 1978, CETA has become too categorical, existing predominantly as a collection of special programs designed for certain groups of people. Much has been said concerning the mismanagement of CETA funds. We believe that the categorization of CETA programs and the resultant layers of regulations have contributed to cases on mismanagement. An appropriations method different from what is currently used may help to curtail mismanagement of funds. Like the current system, we propose that a formula approach of funding to Prime Sponsors be utilized. However, this formula should be related to the number of welfare recipients residing in each propspective jurisdiction. In addition to the formula appropriation, an incentive allocation should be made available. Incentive monies should be allocated to Prime Sponsors who have met or exceeded performance goals. Allocations should be based 75% on welfare criteria and 25% on incentive performance. This would reduce the mismanagement of funds by rewarding Prime Sponsors who exhibit exceptional administrative capabilities.

Private Sector participation in the design and implementation of employment and training programs and policies is highly desirable since the strong majority of employment opportunities are in the private sector. However, the types of private sector involvement must be altered to some extent in order to be successful. As stated previously, private sector involvement in the services offered by the Washington County Employment and Training Agency has been difficult to obtain. In Washington County and throughout the nation as a whole, we believe that there is no true committment from the private sector to work with disadvantaged groups in both employment and training. Whether it is due to a desire not to be held accountable for Federal funds, an aversion to the paperwork and red tape associated with the employment and training of CETA participants, or a stigma placed upon the types of individuals served under CETA, the private sector programs simply have not been successful to this point. We believe that, when left alone, the private sector programs simply have not been successful. Further, we contend that without administrative guidance the private sector will not take care of these groups of people. It will be necessary for the Federal government to exert influence, through regulation, to ensure cooperation of the private sector in employment and training activities. Private Industry Councils should be retained in their existing advisory role. CETA should use the private sector and, in particular, private training institutions, as the vehicle for increasing individuals' opportunities for employment.

In terms of coordinating the diverse sets of programs which constitutes the employment and training system, we feel that it there is a neccesity and advantage to coordination. CETA Prime Sponsors are, essentially, mandated to exhibit coordination efforts with many programs though it can be timely and costly. Such coordination may be difficult, particularly in extremely metropolitan or rural areas, but in Washington County, we have constant formal and informal relationships and coordination efforts among agencies throughout the county. Communication among the various agencies impacting the delivery of employment and training services is essential and constant in the administration of Washington County's CETA programs. In both the block grant and Workfare concepts, coordination is inherent and we believe that these systems would allow for full utilization of all employment and training efforts.

It is our opinion that the employment and training programs administered under CETA have, indeed, worked. Title IIB/C has enabled individuals to acquire skills training in needed vocational fields. During FY 81 in Washington County, classroom training programs exhibited a 45% entered employment rate. For on-the-job training, the rate was 62%. Planned versus actual participation figures for IIB/C exceeded throughout fiscal year 1981 with the figures steadily improving during this fiscal year. The services provided under Title IIB/C are increasing participants' employability and, as evidenced in these statistics, they are finding jobs. We believe that the emphasis on skills training should be increased in future employment and training programs.

Youth programs, administered under Title IV of CETA, have also been successful. Through participation, in Title IV activities youth have gone on to receive skills training, been able to obtain General Equivalency Diplomas, received work experience, and undergone career guidance and exploration. Also important, the youth have been kept occupied, exhibiting involvement in community services and the work force. We believe that, while Title IV may not substantially reduce the unemployment rate of youth, it does help to increase the chances of young people to eventually obtain successful and productive jobs.

To summarize, it is our position that employment and training programs have worked in the past and, with some changes, will continue to be successful. We support the block grant concept, allowing Prime Sponsors to determine the program mix most suitable to their jurisdiction. Within this block grant, however, special provisions for serving youth should be established. We also favor the incentive allocation as a bonus to Prime Sponsors who administer programs well. Lastly, we believe that a focus on skills training and an emphasis on serving the poverty population of this nation will allow for improved and successful programs in the future.

I thank you, Mr. Chairman and members of this Subcommittee for allowing representatives of CETA Prime Sponsors and local government supporters of employment and training programs to voice their concerns and opinions on the future of employment and training programs and policies.

Representative **Hawkins**. Thank you, Mr. Commissioner.

Miss MacIlwaine, you indicated that under the administration's proposal the Governor could decide not to serve an area. Would you elaborate on that possibility?

Ms. **MacIlwaine**. As I understand it, he can choose not to serve part of the State if that is his desire. He can target certain areas, but he can also decide not to serve certain areas under the administration's proposal.

Representative **Hawkins**. Do you know of any appeal that would be possible under the administration's proposal if the Governor decided, for any reason whatsoever, not to serve a particular area?

Ms. **MacIlwaine**. I can't remember that. I just got a copy of the administration's bill before I left yesterday, and I must admit I haven't studied it. But I don't remember that there is an appeal process.

Representative **Hawkins**. Let me ask you another question.

With respect to the stipends and allowances that are prohibited under the administration's proposal, I think one of the proposals would make it based on need, and I think Mr. Mascara has indicated that he thinks they should be continued, but perhaps something less than the minimum wage.

Has the National Association of Counties any position on this?

Ms. **MacIlwaine**. We would support the minimum wage.

Representative **Hawkins**. Let me ask both of the witnesses, perhaps you first, Mr. Mascara, the testimony from the representatives of the cities have generally agreed that if the Governor has the administrative charge of the program, that those most in need may be neglected. How would you respond to the same issue with respect to the control being placed at the State level rather than at the local level, and whether or not this would allow the groups who are supposed to be served an opportunity to participate in and become involved in, or, let us say, complain about the various programs?

Mr. **Mascara**. First of all, Mr. Chairman, I agree with the position of the cities and I feel my experience as a prime sponsor in Washington County has taught me one thing—we have to get as close as possible to the people we serve. My name is in the phone directory and I get calls all the time from people around the county about problems they might have, not only about our comprehensive employment and training program, but other problems. They are able to reach me.

My question is this, Is the President of the United States or the Governor of Pennsylvania's phone number listed in the phone book and can people reach these officials when they have a problem? There is a lot of frustration at that level, the disadvantaged and the dislocated worker, who need to talk to the people who are in charge. We are accessible.

The other point I would like to make is that we are accountable. We can be held accountable for our actions as prime sponsors. I am afraid if this thing goes to Harrisburg, in our case, in Pennsylvania, that the Governor will not be as sensitive to the problems that are unique to all of our areas. For instance, Washington County is a heavy coal-producing county, having coal reserves of over 8 billion tons. That is different than the problems they are experiencing in Philadelphia.

I am also afraid—one of the Congressmen alluded to the political ramifications. I am also concerned about that. I would like to see the local prime sponsors retained with a direct relationship, if possible, with the Federal Government.

Representative **HAWKINS**. Miss MacIlwaine, do you care to address that question?

Ms. **MACILWAINE**. Well, I can relate to you that in the State of Ohio there are 88 counties and 77 of them are rural counties with about 10 percent of the problems that the mayors spoke about earlier, the number of AFDC recipients and the unemployed people. In fact, in Dayton we have five General Motors Divisions, and I would not want the Governor to not base his decision on the basis of need to have some other basis for his decision. I think we have a very high need in our area and I don't think with that amount of rural counties in the State legislature that our particular needs would be a top priority.

I think NACO feels that the same amount of money, the same designation to the local area, would go to the State, which would guarantee that the need would be the prime consideration. I believe that is not in Senator Quayle's bill but is addressed in your bill.

Representative **HAWKINS**. Let me ask both of the witnesses another question which is one of the real troublesome issues involved in employment and training, and that is the issue of coordination. The Governors have indicated they are in a better position to coordinate such agencies as the employment service, education, et cetera.

How would you respond to that in terms of local officials being in a position to coordinate those services at the local level?

Ms. **MACILWAINE**. I think in our particular State I don't believe that the Governor has knowledge of every single community's resources, their community-based organizations, or their educational institutions. We already have set up throughout the CETA system, linkages between Employment Service, between the educational institutions, and other organizations. We know what the local needs are; we know what the abilities are of those community-based organizations to provide the linkages. It would be virtually impossible, without setting up a massive bureaucracy at the State level, for that knowledge to be known by the Governor of our State.

Mr. **MASCARA**. Mr. Chairman, I think there is a need to coordinate our efforts. Specifically in Washington County, I think we are capable of coordinating those efforts with the Bureau of Employment Security, which I understand is fully funded by the Federal Government, to coordinate with the vocational-technical training schools in our area, which we are very familiar with in our own particular county, and also the private sector, the members of the Private Industry Council. I think the prime sponsors can serve as a catalyst in coordinating these efforts locally, rather than having the administration in Harrisburg do that for us.

Ms. **MACILWAINE**. Mr. Chairman, Mr. Weintraub would like to add something, too.

Representative **HAWKINS**. Fine. Mr. Weintraub.

Mr. **Weintraub**. I guess I have two points. One, at each of the agencies mentioned, both Employment Service offices and Voc Tec schools vary in performance around the State, so that it is crucial to have the local official and the PIC making decisions on whether or not those agencies are used based on local performance, not on statewide data.

Two, we have experienced, both with the national office in the migrant program, as well as with the State services, money being funded into a prime sponsor area that funds an agency that the prime sponsor has already defunded for poor performance, or funds duplicative activity that the prime sponsor already has in place. So that some method ought to be developed in all the legislation to insure there is local review on any State or national money coming into a local area.

Representative **Hawkins**. Thank you.

Mr. Murphy, do you have any questions?

Representative **Murphy**. Yes, thank you, Mr. Chairman. I do have one or two questions.

Both of the Commissioners have made statements that they can better target the need and, of course, if you have shifting rates of unemployment throughout a State, some counties suffering more at this particular time than others, or the loss of a basic industry in one county or another. How can you propose that on the local level you can meet this need of shifting the emphasis where it is needed in a State the size of Ohio or Pennsylvania, and second, how you believe that on the local level we eliminate the political decisions that you contend are not eliminated on the State level? Do you have answers for either one of those two tough questions?

Mr. **Mascara**. First of all, I didn't want to give the impression that I wanted to preclude the States entirely, Congressman. I think the States have a role to play in the administration of some of the CETA funds. But I think the prime responsibility for the administration of CETA funds should be kept at the county or city level of government, because we are more familiar with the needs of our disadvantaged.

Now, as far as shifting problems, I think that is where the State comes into play. If you recall, one of our mines was shut down because of a flood. We had several hundred employees thrown out of work at one of our coal mines—in fact, we approached you and you attempted to have the Philadelphia Regional Office to make an exception so we could go out and try to help these displaced workers.

I think maybe that job might have been too difficult for us to undertake, although I have my reservations. But in that instance, I think the State could have played an important role in conjunction with our local Congressman in resolving that problem.

On the basis of politics, I have some strong feelings about that, and I think one of the reasons that we have so much adverse publicity about CETA itself and the manpower program is that many of the Members of Congress have felt that the local politicians and the local elected officials have used those programs for politics. I entirely disagree. In fact, if I had my druthers and I was lazy, I would say take the program back; I don't want it and I don't need it. It's a headache. But that's our job—our job is to serve people. It is not being used for politics. Maybe perhaps the Congress would like to run these programs. They're nothing but headaches.

I think that is part of the problem. I think Members of Congress are seeing the States are making hay, political hay, they're being able to hire people, the counties are doing the same thing. This is not happening. Again, if I had my druthers, I would like to give it back to you. But that's my job and I accept it, Congressman.

Ms. MacIlwaine. I would say, as far as targeting problems in the State, I think in Ohio we could have plant shutdowns and we have had plant shutdowns, and I think that matter is addressed in the various bills in an application process for displaced workers. We would like to see that continue. I think that's how you handle that.

But the political aspects of it, I think you have to realize—at least I realize, as a local elected official—that I am held accountable every day, probably every minute, for the actions that I take on a local level. I am very accessible. I don't think that our citizens would have the same accessibility as has been mentioned earlier to the Governor and to the legislators. They're in Columbus, our State capital, most of the time. I believe that our citizens would be much better served locally.

Representative Murphy. Good.

Now, can either of you give me an idea of your success rate of public service employees and do you recommend that we continue with the public service employee training?

Mr. Mascara. I probably would have to defer to my CETA director on the numbers. I know that we have served over 15,000 people in the county. Of course, that includes the employment training programs.

The point that you give me an opportunity to make is that the press oftentimes likes to make hay with the failures and not the successes that we have in our county, as you well know, Congressman, a number of successes especially in public service employment jobs. In fact, the county comptroller and the now assistant county comptroller in Washington County were CETA public service employees. The individual who is the head of our payroll department is a former CETA employee. We have examples like that all over the county.

I would like to see the PSE part of CETA put on the back burners because if things don't straighten up shortly, we're going to have to call on PSE to balance out.

Ms. MacIlwaine. I don't have an exact figure in our county. I do know that we had a very aggressive program in placing PSE participants, not only in regular jobs in our county and our city, but also in the private sector. We have just put through all of the PSE participants that were defunded last year in job clubs, and are in the process of placing them into the private sector and having about a 40 percent success rate with that.

As far as the need for public service jobs, I think that it all depends on where you live. If you live in an area where you have a lot of private sector jobs, then perhaps the need is not there. But if you live in a rural area whre there are not many industries that are expanding, or if you live in areas where unemployment is so extremely high in the private sector, then you have to have some method of giving people work. As we suggested, there are some national priorities that could be established, national projects, that people could find meaningful employment and also serve the country by participating in those projects.

Representative **MURPHY**. Thank you.

Mr. Chairman, I would like to add that I very much favor the public service employee in the four counties I represent. These people have been assigned to work in colleges, municipal buildings, with police departments, in hospitals, and in our public school systems. They performed a tremendous task and provided a work ethic for many people who had not had that opportunity before. It also provided a great deal of assistance for our charitable, nonprofit and governmental units all the way through. It was a tremendous program and I certainly favor its continuance.

Thank you, Mr. Chairman.

Mr. **MASCARA**. Mr. Chairman, my director tells me that, in response to the successes, we had a 40 percent entered employment rate in Washington County.

Representative **HAWKINS**. Thank you.

The Chair would like to thank the witnesses for their very fine testimony. You have been very helpful to us, and we certainly appreciate your comments.

Ms. **MACILWAINE**. Thank you very much.

Mr. **MASCARA**. Thank you, Mr. Chairman.

Representative **HAWKINS**. The next panel will consist of State officials, Ms. Shoshana Cardin, chairperson of the Maryland State Employment and Training Council and Mr. Thomas Hanley, director of the Job Development and Training Division, Department of Economic Development, State of Rhode Island.

Ms. Cardin, you were the first named, so we will hear from you first.

STATEMENTS OF SHOSHANA CARDIN, CHAIRPERSON, MARYLAND STATE EMPLOYMENT AND TRAINING COUNCIL, BALTIMORE, MD.; AND THOMAS A. HANLEY, DIRECTOR, JOB DEVELOPMENT AND TRAINING DIVISION, DEPARTMENT OF ECONOMIC DEVELOPMENT, STATE OF RHODE ISLAND, PROVIDENCE, R.I.

Ms. **CARDIN**. Thank you very much, Mr. Chairman. I appreciate the opportunity to testify on behalf of the Maryland State Employment and Training Council. We are most encouraged that you have taken this opportunity to forge a new and more effective national employment and training system built on the foundation and experiences of the existing system.

We respectfully suggest that your committees begin with the adoption of a national employment and training policy which clearly articulates that it is the Government's job to assume the lead role in training the unemployed, out-of-school disadvantaged, so they can become employable taxpayers, and to do so in ways that will foster job creation and serve the business community as well, a policy that includes human development and economic development as dual concerns.

We believe that the new employment and training system should have three concurrent goals:

The first is a human capital investment goal that provides employment and training services to the unemployed disadvantaged so they become more employable.

The second is an economic development goal that provides for the utilization of employment and training programs in conjunction with and for the benefit of expanding the economy and local labor market.

The third is a private sector business goal that recognizes the fact that the Nation's employer community can and should benefit from any national employment and training program.

There are two pitfalls we would like to avoid and recommend you avoid as we turn to specific recommendations. We believe that CETA's negative image is largely attributable to the absence of meaningful performance standards, an omission which led to the creation of unrealistic expectations among the private sector. We are pleased to acknowledge that your bill, Mr. Chairman, and the Quayle-Kennedy bill regarding performance criteria are realistic and can be effectively and efficiently implemented.

In light of our current State experience and the fact that two of the proposed legislations identify the State as a vehicle to provide some coordination and management of the overall program, we strongly recommend that the Governor or the State council be vested with the proper authority to effect that coordination. In our experience as a State employment and training council, we have been frustrated by our inability to have impact on the system.

We do not advocate total State control of the program because we firmly believe that all aspects of the program need the constant counsel and participation of the business community, local elected officials, and local service providers. It is our experience that local entities are, in fact, best suited to both managing local programs and identifying those most in need. But the State must have a share in the planning, development and monitoring of these programs.

We further support the concept of a comprehensive employment training network which requires coordination and the full cooperation of all employment and training components. These components include the employment service, vocational rehabilitation, economic development, vocational education, apprenticeship, organized labor, community-based organizations, and the business community. We also support the portions of the bills that will enable the training system and the employment service system to work together and to plan in concert.

None of these goals and objectives can be obtained without resources. One bill calls for a funding level that we on the Maryland SETC feel to be appropriate, and that is the Quayle-Kennedy bill, the amount of $3.9 billion. While that appears to be a large sum of money, we must consider that we are determining the fate of thousands of disadvantaged, unemployed Americans and, therefore, for those hundreds of thousands who now need and will continue to need training for meaningful employment, we need sufficient funds.

We ask you to consider the concept of a single State level commission or council, which should have a majority of business participation in order to bring about the marriage of the public and private sector. Additionally, the council must consist of representatives of all major employment and training-affiliated organizations if there is to be that effective coordination to which I referred earlier.

As an aside, if we are to have a truly effective system, regulations, timetables and paperwork must be consistent and clear and at a minimum, please.

We further recommend a multiyear planning cycle with biannual modifications to allow for more defined and effective planning mechanisms, comparable to the 2-year plan concept in Congressman Jeffords' bill.

With regard to specific operational structure, SETC recommends a reorganization of the existing employment and training subsystems into a single coordinated two-tier service delivery system. The first tier would be designed to perform only the labor exchange function and would be available to all people. The second tier would be for individuals who are not job-ready. This tier would provide the assessment and training along with support services and linkages to other programs. These services would be designed to specifically aid individuals to become job-ready. Once they become so, they would be referred to the first tier for placement.

We recommend again that specific delivery of services should be carried out by local government and the private employer community, as 80 percent of employment opportunities exist in the private sector. For that reason, we believe that business incentives such as private-sector work experience and targeted jobs tax credit must be available to both encourage and reward private-for-profit participation.

While we support the development of a new training and employment system, it is critical that legislation include an adequate transition period comparable to that outlined in the Senators Quayle-Kennedy bill in order to maintain continuity in operation until the new system is in place. For too long we have had a proliferation of patchwork programs attempting to aid the long-term unemployed and out-of-school disadvantaged, and while there have been effective programs within the patchwork, the flaws and omissions overshadow the positive results. We therefore urge you to structure a comprehensive and workable system which recognizes the need for State governance and coordination, local flexibility and accountability, and the fact of enabling people to become self-sufficient and employable can achieve both effective human development and economic development.

Once again, we thank you for being permitted to testify.

[The prepared statement of Ms. Cardin follows:]

TESTIMONY OF THE
MARYLAND STATE EMPLOYMENT AND TRAINING COUNCIL
BEFORE THE
SENATE SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
AND THE
HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

MARCH 16, 1982
SHOSHANA S. CARDIN, CHAIRMAN

The Maryland State Employment and Training Council, a Federally mandated advisory body to the Governor of the State of Maryland, has developed the following positions concerning the creation of a new national employment and training program.

In developing a position relative to the authorization of a national employment and training program, the Council looked first at omissions in the present system. Three major ones were identified. They are:

A. Lack of National Policy

The current CETA system is not the conscious result of any national policy. This has caused problems in targeting of resources, and the structuring of programs. The SETC applauds the attempt made in Senators Quayle and Kennedy's and Congressman Hawkins' bills to speak to this question of a national employment and training policy. But more clarity and definition of purpose is needed. The SETC is firmly convinced that a national employment and training policy must be established - a policy which defines employment and training as an economic development program in addition to a human resource program. Only through the establishment of such a policy can the limited resources available to this nation be used in an efficient, effective and productive fashion. The Maryland State Employment and Training Council has concluded that the national employment and training policy should be one that recognizes the need for government to assume a lead role in training the long term unemployed and out-of-school disadvantaged so that they may become employable and economically self-sufficient. This policy should be articulated through a comprehensive network of services which must include the utilization of economic development and job creation as a means to aid the employment opportunities of the disadvantaged. Furthermore, the development of an effective national labor market information system and the initiation of a national relocation effort would be important subsets of this overall policy.

It is our opinion that none of the bills have stated the need for economic development and job creation in a strong enough fashion. We would encourage this committee to act to redefine the policies implied in the bills currently before you. Redefine them in such a way that they clearly identify a dual role for the national employment and training system - this role being to serve the unemployed disadvantaged and to do so in ways that foster job creation and serve the business community as well.

B. Lack of Performance Standards

The existing CETA system has had noteworthy results. We, in Maryland, are currently involved with a statewide study of CETA, and the initial results from this study indicate that CETA has worked in Maryland. Furthermore, from the information released by the National Council on Employment and Training, i.e. "CETA's Results and Their Implications", indications are that nationally CETA has generally been very successful. Why then are the generally positive results of CETA questioned? We believe that one problem that has contributed to CETA's negative image can be found in the fact that no usable performance standards were ever successfully implemented to assist in CETA management. We believe that the lack of clearly identifiable performance standards against which to measure effectiveness has been a major flaw in the system. It has resulted in confused expectations on the part of the private sector and the inability of the system to argue its real worth.

It is with great enthusiasm that the SETC supports the provisions of the bills by Senators Quayle and Kennedy and Congressman Hawkins regarding performance criteria. Both of these bills, especially the Quayle/Kennedy bill, appear to provide a clear framework for the Secretary of Labor to develop performance standards that relate directly to program operations. We strongly urge that employment and training legislation include performance standards. Furthermore, we believe that the utilization of incentives to obtain better performance is an excellent managerial approach which will have positive effects and aid the overall productivity of the system.

C. The Absence of Overall Input to the Total System

Currently prime sponsors in the existing employment and training network are directly responsible to the Department of Labor. In current CETA law, it is also mandated that the State Employment and Training Council monitor prime sponsors and provide input to their planning process. This was supposed to provide an extra element of coordination within each State and allow for the creation of a system that both served local people but was also responsive to the overall need of all the residents in the State. But the mandate to the State Employment and Training Council for monitoring of prime sponsor programs and for input to the overall system has been impossible to implement due to the lack of real authority. While the SETC may have the responsibility to monitor and advise prime sponsors, the prime sponsors, via the CETA law, are accountable to and report to only the Department of Labor. The SETC, while being made privy to copies of the prime sponsors' reports and plans, receives the materials with no authority to make changes in scope of services or programs offered. Therefore, the ability to obtain real coordination and to aid in the shaping of programs so that statewide target groups obtain some measure of service is nonexistent.

In light of this experience and given the fact that most of the proposed legislation uses the State as a vehicle to provide some coordination and management of the overall program, we urge that a viable role be allowed the State and the State's Council. We strongly recommend that the State's role be vested with the proper authority to effect that role. Our review of the proposed bills discloses that only one provides the Governor and the State Council the authority requisite of the responsibility to administer the program. That one is the Administration's bill. The Maryland SETC does not advocate total State control. We firmly believe all aspects of the program need the constant involvement and participation of both the business community and local elected officials. But if the State is to be responsible for the overall administration of the funds, as three of the four proposed bills indicate, then the State must have the authority to impact on the planning and development of those programs. The proposed bills, except that of the Administration, have divided the real decision-making power among local elected officials and the Private Industry Councils or their equivalents. If we are to have better employment and training management, if the State is to fulfill the responsibility outlined in the proposed legislation, then the State and its Council must have the authority to accompany that responsibility.

The Maryland SETC has not confined its vision of the future to the corrections of the flaws of the past. We have considered and have constructed goals which we ask you to consider for a future employment and training system. As previously mentioned, we support the goal of a comprehensive employment and training network which incorporates the full cooperation of all employment and training components. These major components include Employment Service, Vocational Rehabilitation, Economic Development, Vocational Education, Apprenticeship, and organized labor. Cooperation must include the resolving of present conflicts such as differing time frames in operations, differing definitional terminologies, and vague assignment of accountability. The system, once realized, should not exhibit duplication such as presently exists between the CETA system and the educational system whereby both entities offer the same service to many of the same clients. If the nation's unemployed disadvantaged are to be effectively and efficiently served, coordination of all services is vital. It is our opinion that none of the proposed bills goes far enough in the effort to achieve true coordination and elimination of duplication. We support the portions of the bills that will enable the training system and the Employment Service system to work together and to plan in concert. We would urge that this type of relationship be considered for the other major partners of the system.

The SETC also advocates that the total employment and training system be designed to meet the following goals:

A. Goals Related to Human Development

1. Improvement of basic educational skills, work habits and work attitudes of out-of-school, disadvantaged people who lack the characteristics necessary to find, maintain or advance within available unsubsidized jobs.
2. Increased and improved occupational training for individuals who lack sufficient job skills.
3. Expanded knowledge and techniques to find jobs and make better career decisions.
4. Expanded job training and employment opportunities for the structurally unemployed.
5. Relocation of unemployed workers from economically declining to growing labor markets.

B. Goals Related to Private Sector Business

1. Provision of adequate labor supply that possesses basic educational skills for entry-level positions.
2. Occupational training that meets entry-level and semi-skilled needs of employers.
3. Increased involvement of private sector leadership in planning, evaluating and delivering unsubsidized job training and economic development programs.

4. Improved labor market, job forecasting and management information for employers.

C. Goals Related to Economic Development

1. Development of enterprise zones, both urban and rural, for areas severely affected by deteriorating economic conditions.
2. Facilitation of maximum coordination in public-private area efforts promoting economic growth and sufficient employment.
3. Maximum utilization of available Federal and local resources for job training and business growth.
4. Promotion and coordination of public services to facilitate industrial and business expansion.
5. General improvement in employment opportunities and the quality of life for communities.

Goals, no matter how worthwhile, cannot be obtained without sufficient funding and the expenditure of effort and resources. We believe that the $3.9 billion as proposed in the Quayle/Kennedy legislation is the minimum funding level needed for a national employment and training program. The amount of $3.9 billion is a large sum of money. It can buy an aircraft carrier, or it can buy 78 new F-14 fighter jets, or it can buy opportunities for thousands, no, hundreds of thousands of unemployed disadvantaged Americans. The SETC is not a defense specialist, but is a human resource specialist, and we firmly believe that aiding hundreds of thousands of disadvantaged Americans is equally as important as having a new aircraft carrier or 78 new jets. Thus, we urge you to fund the employment and training system at no less than $3.9 billion, which is an adequate amount, not an extravagant amount.

With regard to a funding mechanism, the SETC recommends Federal funding through a single block grant to the State, with a Federal funding formula which should identify levels for local jurisdiction, allowing the actual funding appropriations to be determined by the State based upon performance and needs. The States, with guidelines established by the Federal government, should be responsible for determining the pass through to local jurisdictions. Specific set-asides should be established and maintained for the funding of State operations (i.e. council, statewide programs, monitoring, evaluation, etc.). The Council also supports the concept of forward funding and recommends at least a two year forward funding provision in any pending legislation. Additionally, the Council opposes the concept of a State and/or local government matching Federal funds as a prerequisite for acquisition of Federal funds.

After considering the goals and funding levels for the future, the SETC dealt with program administration and operational issues. We developed recommendations on both issues.

A. Program Administration

In reviewing the various systems possible for the administration of an employment and training program, the State Employment and Training Council supports the concept of a single State level commission or council appointed by the Governor to effect the mission planning, the overall design and monitoring of all employment and training programs in the State. We urge that this State Council have a mandated majority of business participation in order to bring about the marriage of the public and private sector. It is essential that the private sector be linked into the system as 80% of employment opportunities exist in the private sector. It is absolutely imperative for the State, the private sector, and local government to work together to define responsibilities and to meet each other's mutual needs so that the needs of both the disadvantaged and the employer community can be met. Additionally, the Council should consist of representatives of all major employment and training affiliated organizations (i.e. prime sponsors, educational systems, economic development organizations, community based organizations, employment and training related state agencies, etc.). Only through the communication of ideas and experiences from all related sectors is it possible to effect a comprehensive employment and training network. Therefore, the Council supports the overall management system that was proposed in the Administration's bill.

The Council recommends a multi-year planning cycle with bi-annual modifications to allow for a more defined and effective planning mechanism similar to the two year plan concept in Congressman Jeffords' bill.

B. Program Operations

The SETC recommends a reorganization of the existing employment and training subsystems into a single coordinated two tiered service delivery system similar to that described in Congressman Jeffords' bill. The first tier would be designed to perform only the labor exchange (job matching through a job bank) function. It would be available to all people and be designed with the goal of aiding employers to find qualified employees and linking individuals who are not job ready to other programs or agencies that can assist them.

In providing for an appropriate labor exchange function as defined under tier one of the system, the Council supports the concept of a labor market information system whereby the users of the system are actively involved in setting policies of the systems. Furthermore, users should be allowed to be actively involved in the development of policies regarding gathering, analysis, synthesis, dissemination, and utilization of such data, and should be involved in monitoring and providing feedback to the system. This would allow for active private sector input directly into the system.

The second tier of the system would be for individuals who are not job ready. This tier would provide assessment, on-the-job training, vocational training, world-of-work orientation, supportive services and linkage to other programs. All of these services would be designed to specifically aid individuals become job ready. Once the individuals are job ready, they would be referred to the first tier for placement.

All services should be carried out, whenever possible, in conjunction with the private employer community. The SETC believes that business incentives, such as private sector work experience and targeted jobs tax credit, must be made available to both encourage and reward private-for-profit participation in programs. Furthermore, these incentives and others such as enterprise zones, both urban and rural, and funds for purchasing capital equipment, allotted to employers who employ eligible participants, should serve the dual goal of employment of the disadvantaged and economic development.

At this juncture, it should be made clear that while the SETC supports changes in the system, it is also necessary to maintain some sense of continuity in operations until those changes are effected. Therefore, it is essential that the new system, whatever it may be, include an adequate transition period so that no component parts suffer undue trauma. We believe that the type of transition outlined in Senators Quayle and Kennedy's bill would be an effective way to change to a new system.

Summary of SETC Recommendations

The Maryland State Employment and Training Council supports:

1. A national employment and training policy which recognizes employment and training as both an economic development and a human resources program.
2. A national employment and training system with a coordinated comprehensive network of services to aid the out-of-school disadvantaged to become employable and economically self-sufficient.
3. A system that encourages economic development as a means to aid the employment opportunities of the disadvantaged.

4. A system that maintains a national labor market information system in addition to maintenance of a national relocation effort.
5. The concept of a single State council with a majority of private business participation which would be responsible for effecting the design, monitoring and evaluation of employment and training programs.
6. A system which utilizes a program strategy which employs a single coordinated two tier service delivery system. The first tier to be labor exchange, i.e. job matching through a job bank. The second tier would be designed to address the non-job ready eligible population, i.e. assessment, job training, etc.
7. A system incorporating a mechanism by which the local jurisdictions would identify the groups to be targeted for services, the actual mix of services needed, and the vendor who will provide such services.
8. A system which would incorporate a funding formula that allows the State the flexibility to determine funding levels for local jurisdictions based on performance and needs.
9. A system which would incorporate specific set-asides of funds for State operation and management allocated through a national formula.
10. A system which incorporates a two year forward funding formula with a multi-year planning cycle with bi-annual modifications.
11. Legislation that clearly defines the responsibilities of all participants and designates accountability and authority with those responsibilities.
12. A system which encourages private sector participation through business incentives such as private sector work experience, employment initiatives and Targeted Jobs Tax Credit (TJTC) to encourage and reward private-for-profit participation.
13. A system which incorporates the concept of enterprise zones, both urban and rural.
14. The establishment of an adequate transition period from CETA to any new program thereby reducing undue trauma frequently created through abrupt change.

Representative HAWKINS. Thank you, Miss Cardin.

Mr. Hanley, Senator Pell is on his way. He wanted to be here to introduce you. I am sure he will be in shortly. So suppose we go ahead with your statement, with the understanding that the Senator will be present possibly before the end of the presentation. If for any reason he doesn't appear, without objection, his introduction to you will be in the record in any event.

At this time you may proceed.

Mr. HANLEY. Thank you, Mr. Chairman.

Mr. Chairman, distinguished members of the subcommittee: My name is Thomas Hanley. As director of the Rhode Island balance of State prime sponsor, and on behalf of Governor Garrahy, in his capacity as chairman of the Coalition of Northeast Governors, I would like to thank the committee for the opportunity to share my views on the issues of employment and training.

Governor Garrahy has emphasized the importance of this legislation to the Northeast by making CETA reauthorization a major legislative priority for CONEG this year. The Northeast Governors appreciated the opportunity to explore job training issues with Senator Quayle during their recent meeting here in Washington. At that meeting, Governor Garrahy announced the formation of a new CONEG Standing Committee on Human Development to pursue these issues in greater depth and to recommend formal CONEG positions on specific aspects of this legislation. We anticipate sharing with you CONEG's comments and suggestions with regard to specific legislative provisions within the next couple of weeks.

Rhode Island is in the forefront in its ability to customize employment and training programs to meet the diverse and fluctuating needs of Rhode Island's industry and job market. The principal reason for this capability is the fact that we, as a prime sponsor, are a division of the State's Department of Economic Development.

Thus, nearly 8 years ago, Rhode Island had the foresight to anticipate the current widespread thinking that a successful employment and training program is nourished by a well-coordinated effort of attracting prospective incoming industry. Moreover, our tie-in to that department has allowed us to offer unique and successful training programs to retain industry that may be thinking of relocating.

Mr. Chairman, the idea of establishing private industry councils has always been part of our training philosophy. In actual practice, therefore, we have always had a private industry council and, over the years, they have acknowledged that our training effort is in tune with their industry needs.

We in Rhode Island have trained over 40,000 individuals in 8 years with CETA funds. Recipients of our successful graduates include large and small business and defense contractors. Over 80 percent of the initial work force at the new electric boat submarine building force in Rhode Island was trained with CETA funds.

The State of Rhode Island has forged a partnership, catalyzed by CETA, with business, labor, and education, and our people and the State's economy clearly emerge as winners. The most notable winners are the people. Prior to their CETA experience, these individuals have a history of financial instability. They have a variety of barriers to employment that include lack of work experience, skill ability, and educational level. They also may have attitudinal problems and/or the lack of confidence.

We in Rhode Island have placed considerable emphasis in addressing this need through a network of comprehensive intake locations at which an individual support system is designed and maintained for every individual. Through this effort, we have gained respect and confidence from employers by referring well-prepared and motivated individuals to their training programs.

I should like to point out that since program operations began on July 1, 1974, the Rhode Island balance of State prime sponsor has placed at a rate of one person per hour into unsubsidized employment.

This record, of which we are extremely proud, was accomplished by first recognizing and addressing the total needs of our client, and second, establishing a cooperative and thus successful relationship with Rhode Island employers.

The final point that I would like to make today concerns the dollars and cents of administering and operating an employment and training program. Consistent with efforts to trim the national budget, I think we ought to remind ourselves of the burdens of unemployed people, the strain on local government when its residents do not have jobs, and the threatened viability of business when it lacks both trained workers and consumers.

On a more optimistic side, we should also examine the social and financial gains. Let me share with you some hard facts.

In the first quarter of this year we entered into unsubsidized employment 56 individuals who were previously receiving unemployment insurance or public assistance. The effect of CETA participation for these individuals demonstrates that for us in Rhode Island the program works. Prior to our program, these individuals were earning an average of $3.60 an hour. In total, they had received, for a period of only 1 year, prior to CETA, a total of $50,000 in unemployment insurance and $65,000 in public assistance. Now, upon placement within the working economy, this average wage is $4.59 an hour and their combined earnings went from $198,000 to $506,000, an increase of 156 percent.

The Federal and State taxes generated by these wages totals $126,000. And when this is added to the savings in income maintenance of $115,000, nearly a quarter of a million dollars is gained in the form of increased revenue and decreased Government expenditures.

I should also like to point out that of the 18 individuals on public assistance, a staggering amount of $308,000 was paid in welfare payments during their period of relief, prior to their enrollment in CETA.

Mr. Chairman, our record of cost per entered employment is under $4,500 per individual, including their stipend. Accordingly, our cost associated with placing these 56 individuals amounted to approximately the same amount as was realized from tax revenue of the individuals and income maintenance payment savings. This, of course, is for 1 year. Future years produce increased earnings and revenues in taxes for which there are no training costs.

Of course, the social benefits that are a direct product of this process and the impact of the multiplier effect on the increase in personal consumption serve to only further the importance of a sound employment and training program.

In terms of the cost to society, and with respect to the benefits to society, we needn't ask whether we can afford to do it, but really, whether we can afford not to do it.

Mr. Chairman, in view of the time constraints placed upon testimony to be heard today and this week, the State of Rhode Island submits for the official record a position paper entitled "The Structure of Employment and Training Programs". Copies of this paper have been attached to this testimony and delivered to the subcommittee office.

Both I and the Honorable J. Joseph Garrahy, Governor of the State of Rhode Island, wish to thank the committee for the opportunity to offer the sentiments of the State of Rhode Island on the issues of job training during this most important period in the history of employment and training.

Thank you very much.

[The attachment to Mr. Hanley's statement follows:]

Position Paper

The Structure of Employment and Training Programs

A Social or an Economic Program?

The Comprehensive Employment and Training Act has been viewed as a social program. Given the socio-economic characteristics of its eligible population, the consensus of policy-makers is that only social programming can resolve the problems faced by the economically disadvantaged. In a position paper prepared May 1, 1981 by the Employment and Training Council for the U.S. Conference of Mayors, it is argued that the view of CETA as a social program is distorted on several counts. First, the paper states that a program should be perceived and conceived in terms of its functions rather than in terms of the recipients of its services - "The relevent question is, what does the program do rather than who does it do it to?"

On a second point, the paper states that serving CETA target groups by social programs is erroneous and assumes that these groups cannot respond to the same stimuli as members of the larger society and that government is the only mechanism capable of resolving problems of these groups - "Even the so-called CETA private sector programs do nothing more than force private business into governmental modes of behavior."

Finally, the paper argues that CETA serves the entire community and should not be narrowly defined in terms of the target groups that are the direct recipients of CETA services. CETA provides training to develop a skilled labor force which benefits employers and pumps money into the local community.

Should CETA be viewed as a social program? The Rhode Island Division of Job Development and Training representing the Rhode Island Balance of State Prime Sponsor think not. When we measure the results of CETA, we do so by measuring the impact of its effect on the economy of the locality, state, and nation. CETA, therefore being an economic tool, has the goal of providing skill training to meet the labor needs of the community.

The Basic Design of the CETA System

How then should CETA be structured if it is to have the maximum economic impact? It is of our opinion that a comprehensive employment and training system be organized into two major systems:

(1) Client Intake and Service Delivery

(2) Training and Job Delivery

We can no longer afford to send into direct placement, classroom training, and on-the-job training individuals who are not prepared. Private industry has endured referrals of unmotivated and otherwise unprepared individuals for years. How on earth can anyone and especially a governmental agency expect employers to continually jeopardize this most important resource (labor force)? It is imperative that "we" send to these employers well-motivated, prepared individuals. The foundation for a healthy relationship between private industry and government will be built not upon dollars from a disorganized on-the-job training program, but upon careful referrals of well-motivated and prepared indivdiuals.

So critical is this point, that we would recommend a separate undertaking of bringing clients to the point where referrals to employers can be made with total confidence. This activity would be complimented by a separate training and job delivery effort.

The illustration at the end of this paper graphically describes the total system. You will note that there are five circles that we will call levels to employment. These levels are defined as follows:

Level Number One -- Unsubsidized Employment
Level Number Two -- On-the-Job Training
Level Number Three -- Classroom Training

Level Number Four -- Identification of Client Groups

Level Number Five -- Job Readiness Services

As can be seen, the innermost circle is unsubsidized employment.[1] As you look outward, you will note that on-the-job training is the next level indicating that this activity is closest to unsubsidized employment. The next level outward is classroom training which ranks just behind on-the-job training. Level number four is actually the entry point into the CETA program. This level includes the eligible population. You will note that the level contains four sections which we will call groups. These are identified as follows:

Client Group Number One -- Clients ready for Direct Placement

Client Group Number Two -- Clients ready for On-the-Job Training

Client Group Number Three -- Clients ready for Classroom Training

Client Group Number Four -- Clients needing Job Readiness Services

The final level identifies a variety of job readiness services that are provided by or initiated by the Prime Sponsor. These include work experience programs, job search assistance, remedial education, counseling, testing, health care services, and other supportive services.

The basic concept of this illustration is that clients entering the CETA system are assessed for placement into one of the four groups contained in level number four. The goal for clients in groups one, two, and three is to move inwardly toward level number one. The Prime Sponsor utilizes its Training and Job Delivery System to provide direct placement, on-the-job training, or classroom training to these clients. Individuals in group four

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1. It is conceivable that an additional level of job retention could could be added. It would be within the Level Number One circle. To say that unsubsidized employment is the ultimate goal of CETA would be a mistake. More correctly, job retention is the ultimate goal.

do not enter the Training and Job Delivery System but rather move outwardly to level number five where the Prime Sponsor utilizes its Client Intake and Services Delivery System to provide one or more various supportive and job readiness services.

Once these services are provided, clients may then re-enter level number four into either group one, two, or three.

The result of this approach would have the Prime Sponsor concentrating and maximizing its efforts on (1) insuring that clients are ready for placement within the local labor market, and (2) developing job training opportunities for clients who are well-motivated and prepared.

The Specific Design -- Program Activities

What activities should be allowed in this two-tiered system? Our contention is that there should be three allowable activities:

(1) Job Readiness Services
(2) On-the-Job Training
(3) Classroom Training

These activities would be authorized under two Titles: Title I would include Job Readiness Services while Title II would include On-the-Job Training and Classroom Training.

Under Title I, Prime Sponsors would be able to concentrate and maximize services to individuals not ready for employment. In-depth assessment, counseling, and screening would allow the Prime Sponsor to organize their client load by the most in need and provide for them a full range of services. As an example, a prime sponsor may elect to establish a full-service center to intake clients, perform assessment to determine the most appropriate service(s), and then provide those services (or refer out to existing agencies) that will enable them to enter Title II services.

Title II activities would enable the Prime Sponsor to deal with those clients who are ready to be exposed to private and public employment. These individuals would either enter unsubsidized employment directly or indirectly through On-the-Job and Classroom Training Programs.

The attempt of the organization presented above is to enable the Prime Sponsor staff to specialize their efforts in the field of Employment and Training. Through Title I activities, staff would concentrate their energies on the social and economic needs of the clients while staff under Title II would devote their time to the needs of the community of which private industry is a major part.

Accounting for the Effort -- How do we Measure Performance?

The Rhode Island Balance of State Prime Sponsor has continually realized a successful placement rate in classroom training and on-the-job training programs well over 80 percent. Yet, through the third quarter of fiscal year 1981, the actual entered employment rate for all of Title II B/C activities stood at 45 percent. On the one hand, we are telling employers that we have a highly successful training program; yet, on the other hand, we produce statistics showing that less than five out of ten individuals enter employment. This is so, because prime sponsors are asked to report their total enrollments and terminations for all of Title II B/C. Consider the following situation:

Prime Sponsor X receives through its intake system 10,000 individuals. Of that number, 8,000 are CETA eligible. The Prime Sponsor provides initial assessment and employability development services to these 8,000 individuals, and as a result, has a total enrollment level of 8,000. Now, given the allocation of that Prime Sponsor, 1,000 classroom training and 500 on-the-job training slots were able to be developed. Also 1,000 work experience slots are developed of which 500 are for in-school youth. This Prime Sponsor now is faced with an eligible enrollment level of 8,000 individuals and program slots of 2,500. If I may develop this senario further, let us assume the following outcomes at the end of the fiscal year!

- Of the 1,000 individuals who enter classroom training, 900 are entered into unsubsidized employment.
- Of the 500 individuals who enter on-the-job training, 450 are entered into unsubsidized employment.
- Of the 500 individuals who enter out-of-school work experience, 250 enter unsubsidized employment.
- Of the 500 individuals who enter in-school work experience, all return to school.
- Finally, of the 5,500 individuals who remain and who do not enter a training program (for lack of slots), the Prime Sponsor is able to place into direct unsubsidized employment 500 individuals.

SUMMARY

Total Served	8,000
Total Terminations	8,000
Entered Employment	2,100
Return to School	500
Other Terminations	5,400

The performance of this Prime Sponsor is then:

Entered Employment Rate	26%
Positive Termination Rate	33%
Other Termination Rate	68%

But, if looked at separately, the entered employment rate for classroom training is 90 percent, for on-the-job training 90 percent, and for work experience (out-of-school) 50 percent.

Now, how does this Prime Sponsor improve its performance? Does it try to increase its entered employment rate for classroom training or on-the-job training? -- Impossible! Does it try to increase it for work experience? -- Again, impossible! Does it reduce the number of people it serves? -- Not feasible, since they are all CETA eligible. In reality, it must bite the bullet.

Perhaps the Department of Labor can understand this situation, but how about the general public and private industry? Through our reporting system, they see a 26 percent entered employment rate from a prime sponsor who supposedly has an excellent training system.

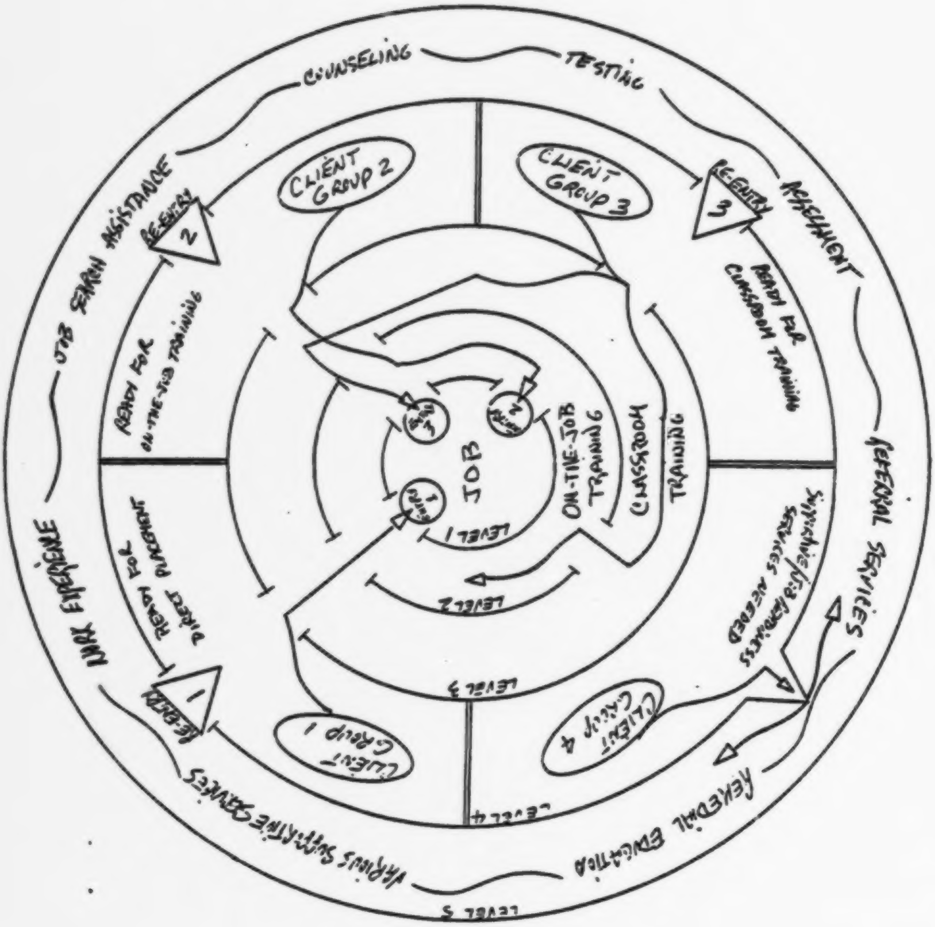
The Rhode Island Balance of State Prime Sponsor believes that this situation would be corrected through the implementation of the service design detailed in this paper. Specifically, the Prime Sponsor would report the results of two Titles. In the example above, the prime sponsor would report under Title I (Job Readiness Services) the 8,000 clients who are CETA eligible and who enter the system. Specific reporting would include the number who receive various services such as work experience, counseling, remedial education, etc., and the number who transfer to Title II (Job Training and Placement Services). Under Title II, the prime sponsor would report the 1,000 individuals who enter classroom training and the 900 who are placed, the 500 who enter on-the-job training and the 450 who are placed, and the 500 who enter directly into unsubsidized employment.

Through this reporting system, one can measure the effectiveness of a prime sponsor in two areas: (1) preparing clients, and (2) training and placing clients. It will also be learned if a particular prime sponsor is indeed qualified to perform each or both of these services. The decision for subgranting one or both of these functions can be made easily.

Thank you for your time and your consideration on these vitally important issues effecting the economic future of the people of our nation.

Thomas A. Hanley

Thomas A. Hanley


COUNSELING
TESTING
ASSESSMENT
REFERRAL SERVICES
REMEDIAL EDUCATION
VARIOUS SUPPORTIVE SERVICES
WORK EXPERIENCE
JOB SEARCH ASSISTANCE
CLIENT GROUP 2
CLIENT GROUP 3
CLIENT GROUP 1
CLIENT GROUP 4
RE-ENTRY 2
RE-ENTRY 3
RE-ENTRY 1
READY FOR ON-THE-JOB TRAINING
READY FOR CLASSROOM TRAINING
READY FOR DIRECT PLACEMENT
SUPPORTIVE/REMEDIAL SERVICES NEEDED
JOB
ON-THE-JOB TRAINING
CLASSROOM TRAINING
LEVEL 1
LEVEL 2
LEVEL 3
LEVEL 4
LEVEL 5

The Rhode Island
Balance of State Prime Sponsor
Experience

The Rhode Island Balance of State CETA Prime Sponsor is in the forefront in its ability to customize employment and training programs to meet the diverse and fluctuating needs of Rhode Island's industry and job market. A unique approach that directly links Rhode Island's CETA training programs to the private sector is the fact that the Prime Sponsor is a division of the State's Department of Economic Development. Consequently, as the administration re-emphasizes the necessity of linking with the private sector, the Rhode Island Balance of State CETA Prime Sponsor is in a position to continue the development of training programs according to the existing concept that is well established and successful. Specifically, it may be noted that during fiscal year 1981, ninety-five percent of the participants entering our training programs transitioned from being unemployed and economically disadvantaged to employed, productive, and working toward their career goals.

As it is well known, all CETA participants must be economically disadvantaged and unemployed to enter CETA training programs. However, in addition to the participant's financial instability at the time of application to CETA, that individual may be experiencing a variety of situations that are necessary to overcome in order to eliminate barriers and be transitioned into unsubsidized employment. Such barriers to employment include but are not limited to lack of work experience, skill ability and educational level, attitudinal problems, and/or the lack of confidence. The Rhode Island Balance of State Prime Sponsor has an established mechanism in place, through which an individual's interests, aptitude, and employment barriers are identified through a comprehensive intake system. There are nine (9) area centers throughout the State. Applicants are cooperatively assessed in terms of which CETA activities are most appropriate and meet the interests and aptitudes of the individual. In addition to meeting the training needs of individuals, a support system is provided through the offering of continual vocational counseling, guidance and extensive job development activities.

The various activities and services that the Rhode Island Balance of State Prime Sponsor provides are specifically designed in accordance with the labor market demands and are interrelated with all CETA activities such as the Work Experience Program, Classroom Training, On-the-Job Training, Job Search, and the Youth Programs.

The CETA Work Experience Program is designed to give an individual the opportunity to learn what the world of work is like, how to develop good work habits (like getting to work on time) and attitudes. Work Experience is also used as a tool to allow the participant to explore a number of career fields. These placements are short term, not more than 90 working days, during which the participant receives a minimum wage. Very often, a work experience participant will transition into another CETA training program such as Classroom Training or On-the-Job Training in order to acquire the skills necessary in obtaining a job.

The Displaced Homemaker Program, part of work experience, for women who are trying to re-enter the labor force after many years, is very successful. Women, after many years at home, because of divorce, widowhood or husbands who are disabled, need to provide for themselves and their families. This type of population has increased significantly during the past years. The Rhode Island Balance of State is acutely aware of the increasing needs of women in this position. With the help of the Displaced Homemaker Program, eight percent of the women who have finished the program have not only found work, but have also developed a network and support system that makes them feel, once again, needed and productive.

A direct mechanism that links CETA training programs with the private sector is the Vocational Classroom Training Program. It trains participants with skills in areas where there is a high demand for trained employees and equips them with the technical skills for these positions. There are on-going Classroom Training programs that meet the constant needs of Rhode Island's labor market as well as new job opportunities in a demanding or increasing field of work.

Of particular interest is the most recent and successful CABLE Television Training Program. The six (6) week program, designed in cooperation with Hinkels and McCoy, a world-wide known engineering firm, prepares CETA participants for the increasing demand for linepersons, splicers, and installers. This training program which is located in the Rhode Island Weatherization Center, not only teaches the trainees classroom theory regarding the specific job, it also instructs them in pole climbing. The pole farm, for climbing training, simulates a construction site where trainees learn to install hardward, strand, and cable. Installation instruction includes service drops and inside wiring in a modular housing unit. Graduates of the CABLE Television Program earn a good wage in an industry that is experiencing phenominal growth. The average wage rate is $6.50 per hour. The highest wage rate of one of the graduates was $7.50 per hour. An additional positive result of the program is that it costs only $2,098.00 per participant to receive training in such a lucrative field of work.

The Computer Training Program was designed and developed according to the demands in the Data Processing field. The curriculum content and methodology of the training program were developed with the input of more than thirty data processing professionals. Participant programmers are introduced to basic data processing concepts; math is reviewed and the working environment is surveyed to prepare students for the remainder of the program which attempts to simulate the pressures and problems of the real data processing position. The problem solving approach is central to all courses with emphasis on the development of logical thinking. To simulate realistic working conditions, pressures and deadlines are established and multiple assignments are common. A major portion of the program is a laboratory experience designed to improve problem solving capability.

The team concept is utilized whenever possible to accustom the students to cooperative efforts and to combining their talents to produce an end result. Team problem solving utilized the case study method.

The full time program includes an internship component which assigns each student for ten (10) hours per week for approximately twenty (20) weeks to a local data processing facility. The purpose of this experience is to acclimate students to the actual situation on the job, so that they will be prepared to deal with the pressures and personalities involved in working in this field. Internship experiences include auxiliary machine and computer operation activities and progress from simple to more complex programming experiences to reinforce classroom and laboratory learning.

Ninety percent (90%) of the graduates from the Computer/Business Application Program have entered employment. Salaries for graduates average $13,500 per year. The cost for training participants in this field is $2,730 per participant.

These are examples of only two of the vocational classroom training programs administered by the Prime Sponsor. Other vocational areas in which programs are administered include health occupations, electronics (a field traditionally comprised of men in which the Prime Sponsor has placed many women graduates in positions paying an average of $7.20 per hour) and other vocational areas.

Many of the jobs in Rhode Island, due to the many miles of coastline, tend to be seasonal and are related to the water. In its continuing effort to train the CETA eligible population in jobs compatible with the Rhode Island labor market, as well as provide employment opportunities in lucrative job areas, the Rhode Island Balance of State Prime Sponsor developed a Fishery Training Program. The seven (7) week program is affiliated with the University of Rhode Island's School of Oceanography in terms of the teaching of the current theories, skills of seamanship, as well as some diesel engine repairs and hydro-technology. An especially marketable skill that the trainees are taught is the repair of fishing nets, a skill that many seasonal fishermen and deckhands do not have. Ninety-three percent (93%) of the graduates of the Commercial Fishery Classroom Training Program are now working on many of Rhode Island's fishing boats, at a first year deckhand salary of $17,000 to $20,000 per year. It cost merely $2,816.00 per participant for training in this field.

Obviously, all the classroom training programs vary in terms of length depending upon the specific skills to be obtained. A job developer works with each classroom training trainee to place him or her in a private sector job, or the trainee may transition into the On-the-Job Training Program for hands on experience.

The On-the-Job Training Program, a direct linkage with the private sector, trains the CETA participant at the job site and as an acutal employee of a company. The company is reimbursed for up to fifty percent of the trainee's wages. Agreements are written with companies that are well established and new companies that have the potential to be stable according to occupational outlook statistics and and an advisory board of private sector members. Throughout the last year, this program has proven to be very effective, especially when a CETA participant has prepared for the OJT program by participating in a classroom training course and then has continued his/her training as an employee within a company. Eight percent (80%) of the CETA OJT participants are now employed in jobs varying from careers in welding to baking. The average wage rate is $4.50 per hour.

Unemployment among youth is now a national problem, especially for those youth who have dropped out of school and who are a minority population.

Chronic employment barriers, attitudes, lack of skills, and unemployment among adults do not encourage employers to hire teenagers. The Rhode Island Balance of State CETA recognizes this and has developed numerous youth programs to prepare, train, and provide the work experience necessary for the youth to obtain employment.

One particular program that has been extremely successful is the Vocation Exploration Program in the private sector. The Rhode Island Balance of State, in conjunction with the National Alliance of Business, has developed a program whereby near work-ready adolescents are placed in the private sector for an eight (8) week period to experience and test their skills in the "real world of work". The participant may have been involved in a variety of work experience programs prior to placement in the Vocational Exploration Program (VEP). As an extension and advanced step further leading to definite employment, the youth transitions into the OJT program. This program, geared toward youth, has resulted in placing seventy percent (70%) of its trainees in jobs in the private sector. The jobs that are attained differ as an individual's career interests differ. However, the wage rate of the youth does not start at less than $4.50 per hour.

Other youth programs, designed specifically for high school students and high school dropouts, 16-21, provide work experience for those youth who have never worked or have eratic work histories. In addition, the Rhode Island Balance of State CETA Summer Youth Program prepares and established work experiences for approximately 3,000 youth.

No matter what the type of population, the employment barrier or the participant's interest, the Rhode Island Balance of State CETA's system has the capability of meeting the employment needs of people and the labor force. Even if a person has absolutely no idea what their career or occupational goals may be, there is a mechanism in place to help an individual identify and focus their interest toward a career field and then assist them in searching for the job (Job Search Program) or assisting them in training for the job.

The Job Search Program is a special four (4) week CETA program that teaches a participant how to acquire a job. Through the use of such tools as video taping, the participant learns positive interviewing skills. The program teaches the participant how to look for a job via the DES job bank, classified ads, and employment agents. The last two weeks of the program, the participants utilize their recently job search skills while making appointments, sending out resumes, and interviewing for jobs. A built in support system of this program is that participants return to a group setting with other participants who are also looking for jobs. Information and experiences are exchanged during this time which helps during the process of looking for a job.

Statistically, the Rhode Island Balance of State CETA knows that the goals and objectives that we have set forth have been met. In addition, it is equally beneficial to hear from CETA participants about what their opinions are of Rhode Island CETA programs. The following comment was from one of the participants that was interviewed:

> "CETA is good for the underprivileged people in the way that it is willing to train them in something that they'd never be able to get training in themselves. And, when it comes down to it, they'll put the first foot forward for those who cannot do so."

With a comment like the one above, the Rhode Island Balance of State really knows what it is in business for.

Follow-up

Summary

To evaluate the effectiveness of the Rhode Island Balance of State's Program, a study was commissioned which is currently being conducted by independent researchers at the College of Business Administration of the University of Rhode Island. This study includes a survey of CETA participants four, eight, and twelve months after program completion. The participants were asked to provide information about their economic situation and assess the value of the program to them.

The following comments are largely based on the findings of this survey, the current phase of which is going to be completed in January 1982. The surveys were conducted by means of telephone interviews. A full report is available at the Rhode Island Balance of State Prime Sponsor's office.

Many of those enrolling in CETA do so because they were disillusioned with their previous economic situation. During interviews, approximately two-thirds of the clients stated that they were either dissatisfied or very dissatisfied with their situation before they decided to enter the program. The poor economic situation of the clients is indicated by the fact that 90 percent had not worked during the last month before CETA. Furthermore, 25 percent were receiving some sort of public assistance, mainly AFDC. Almost all of them were classified as "economically disadvantaged".

Program participants stated that they expected CETA to help them improve their skills and get a job, if unemployed, or a better job than before. Evidence of program success may be seen through a series of objective and subjective criteria. For example, 76 percent of the clients interviewed indicated that CETA improved their chances of finding a job. Approximately 65 percent also maintained that CETA improved their chances of keeping the job they held. Participants, for the most part, felt that CETA training proved very helpful in their job performance.

Four months after completing the program, 82 percent of those contacted were working. Some had already changes two or three jobs, but a vast majority (71 percent) had held only one job. These jobs were with many different employers and involved a number of economic sectors, mostly manufacturing and services.

The new jobs brought workers, on the average, higher pay and more work hours. According to the survey, the final wage earned in the last job before CETA was about $3.77 an hour; the starting wage earned in the first job after CETA was about $4.35 an hour, an increase of 38 cents per hour or 10 percent. The work week for the last job before CETA included an average of 35.8 hours, for the first job after CETA it averaged 38.8 hours.

The increases in wages and working hours brought forth considerable improvements in the economic situation of program participants. Of those participants noticing improvements, about 90 percent felt that it was due to CETA.

The program was highly rated by the participants. About 83 percent rated the program as excellent or good. Another indication of the program's success is the fact that approximately 93 percent of those interviewed said that they would recommend participation in a CETA program to others.

To further illustrate the importance of the program to participants, they were asked to make any pertinent statements they wished. These statements are attached.

"Reagan's already cutting back welfare payments. Now he wants to cut CETA out too. That's cutting back on the only thing that gives welfare recipients a chance to get the opportunity to find a job. CETA provides help, incentive, and experience to people who don't make enough money, yet want to work. It takes people out of welfare lines and rekindles their self-respect. CETA could use better screening techniques for recipients, because a lot of people just go to CETA without any intention of getting a job or sometimes for a lot of different job training and never like any of the job areas. CETA does have more people, though, who benefit than those who don't. Eliminate CETA and you force people to stay dependent on welfare, with CETA, though you give them a chance to work and stay working."

V. Mallozzi (Warwick)

"It would be a great mistake to cut back on CETA. If anything, more money should be given to the program. CETA gives training to individuals who would not otherwise get training. It gives assistance to people who are willing to extend themselves. If anything, CETA should have less limits on financial status, so it can help people out who aren't happy with their job. That way, everyone who wants to change jobs can get an opportunity instead of quitting the rotten job and going on unemployment or welfare."

B. Capparelle (Johnston)

"I hope the Administration doesn't cut out CETA. CETA helps people who don't have a trade learn one. It helps people who are capable of learning and working get a job where companies normally won't let them in the door. If CETA is eliminated, it will be tough for unskilled to find jobs and they'll have to depend on other social programs for money. CETA stimulated jobs and that's good for Reagan Administration, because it keeps unemployment rates down."

W. Burns (Pawtucket)

"They shouldn't cut CETA. It helps a lot of people, especially those who are unemployed. The people at Electric Boat all needed jobs and they went to CETA to get the training. It's a good program, and they should keep it going."

D. Kelly (Cranston)

"I could not have done it without CETA. I learned a trade and got a job. I was very pleased with the program. I had the best instructor that I ever had. I like the job at Electric Boat, and I don't want to quit."

B. Clist (Harrisville)

"CETA is an excellent program. Gives good training and offers hope to people who have trouble finding work. CETA is more useful than a college education. Offers excellent opportunities and is a good asset to any previous job skills and training."

R. Desmond (North Kingstown)

"I think CETA should be very helpful to younger people, if it's able to broaden the field they're interested in, by allowing them to participate in the CETA program."

K. Garrick (West Warwick)

"I think its a very good program. It's good for us for training, us minorities and everybody else. I would recommend it to other people because it was good for me. I'd like to see the program keep going. That's about it."

H. Champlain (Peace Dale)

"CETA is good for the underprivileged people in the way that it's willing to train them in something that they'd never be able to get training themselves. And when it comes down to it, they'll put the first foot forward for these who cannot do so."

A. Neal (Newport)

"The program was very good and helpful. Everyone who I've spoken to who was in the program got a better job. It gave me pride. I was able to accomplish something thru CETA. It gave me the incentive to try something different. It was a very helpful program."

B. Chubka (Woonsocket)

"I think the personnel was very encouraging. The tests they gave were very revealing for people who were not sure where their talents lay. The assistance in resume writing was very helpful. The interaction between people in the classes. Knowing you weren't alone. The encouragement I was given by the counselors, and teachers."

M. Harnish (Lincoln)

"I would like to thank CETA, and specifically the Marine Education Association (MEA) who conducted the program I participated in. The MEA program was very thorough in teaching me the skills I needed to procure the good paying job I now have. Skills I learned through this program enabled me to get a high paying job in the face of stiff competition. I would personally like to see the program continue and open doors for others, even though it means competition in my field."

L. Puckett (Jamestown)

"CETA program helps high school drop-outs and people who are really interested in working. CETA gets you into training programs, you couldn't get into on your own. The ability to get a good paying job comes from enrolling in CETA. CETA helps those people who aren't looking for a "free ride" get out and get a job without having to go to college or even a trade school. CETA is fair and gives people opportunities they wouldn't normally get and all they want is for you to want to learn."

G. Moniz (Pawtucket)

"It did help me out and I'd recommend it to anyone who asked me about it. It helped me because I got another trade which would have been difficult without CETA."

E. Carlucci (East Providence)

Representative **Hawkins**. Thank you, Mr. Hanley.

Mr. Hanley, I think you touched on one of the tremendously important issues that keep popping up in this committee. But before we go into that, the Chair would interrupt to ask Senator Pell if he would come to the speaker's dias.

Senator Pell, we had indicated to Mr. Hanley that you had asked to be present in order to introduce him. That, of course, is a little late at this point. But perhaps you might turn the clock back and at this point introduce him as if it was before the time that he actually presented his statement. For that purpose, we would yield to the distinguished Senator from the State of Rhode Island.

Senator **Pell**. Thank you very much, indeed, Congressman Hawkins, and thank you for organizing this hearing. I am delighted that Mr. Hanley is here. I don't want to interrupt his testimony, but I do have some questions to ask afterwards. So just carry on, if you would.

Representative **Hawkins**. Thank you.

The Chair was about to have him address one of the problems that was touched on in his testimony. We have had a tremendous amount of testimony beginning with the administration, but sprinkled throughout the hearings, that this can't be done or the other thing can be done, and employment and training must somehow be submerged until economic conditions improve and the budget deficit is reduced, and that fiscal constraints make it impossible to address adequately this problem.

In your testimony you gave the experience in Rhode Island of putting to work certain individuals on a cost-effective basis. Somehow it is not clear, at least to the Chair, how putting people to work on a cost-effective basis, in which they contribute taxes and thereby increase the revenues and relieve States and the Federal Government of certain expenses, how that in some way contributes to the economic situation in which we find ourselves.

I know you touched on it in your testimony, but I wonder if you would like to amplify the remarks that you made.

Mr. **Hanley**. Yes, Mr. Chairman.

One of the things that we found in Rhode Island—and we are heavily dominated by private industry on our council—the fact that we are a division of the Department of Economic Development gives us insight into prospective industries that are coming into the State, and industries expanding in the State. What we do is break down our system into a two-tier system. We spend what some people would consider an inordinate amount of time on getting a client ready for industry. We take individuals from the welfare rolls, we take individuals who are unemployed, all economically disadvantaged individuals, and we work with them through a massive intake process. Individual employability development plans are done for every individual; counseling is done. So that when that individual is ready to go to private industry, private industry is more acceptable to take that individual who in the past may have had some kind of an image or stigmatism attached to him which in a way would not allow them to break down the barriers in terms of unemployment.

That allows us to utilize our funds to enable us to help put more people into training, and therefore try to be as cost-effective as possible.

I am not sure if I'm hitting directly on what you're asking in terms of the dollar amounts.

Representative HAWKINS. What I am asking is, should we delay consideration of employment and training legislation at this time on the basis that to move ahead and to provide funds for this purpose in some way contributes to the financial situation in which we find ourselves, that it contributes to a deficit and that it is not a part of the solution and that in some way it holds back solving the problem?

Mr. HANLEY. I think what I was alluding to was just the opposite, that, in fact, if your bill in particular or Senator Quayle's and Senator Kennedy's bill would allow us even more flexibility and be able to show there are other possible ways of saving money, that we will allow more people to be allowed into training, especially in these times of high unemployment.

I think the figures I have used in my testimony allude to the fact that that's a savings that we have been able to generate within our program, by working with these individuals. That has allowed us to expand our program to bring in that many more unemployed people. If it had any impact upon the deficit, it would be in a positive way.

Representative HAWKINS. Thank you.

Miss Cardin, you mentioned what has been mentioned various times, and that is the matter of coordination. Everybody seems to agree that we need better coordination. In the various proposals, do you see any specific provisions that would encourage this, or do you have any specific suggestions to make how we can improve coordination? Should we mandate it? Should we provide incentives to accomplish it, or in what way can we actually promote coordination?

Ms. CARDIN. I think both mandating and incentives. I see, because of the position that I hold—which is a position responsible for coordination, but a position in which there are no teeth to carry out that coordination—I see a need for the Governor's office to hold incentive moneys, if possible, to bring about coordination, and also some type of mandated coordination between various components.

I find that if we are to leave it totally to the local sector, we will not be able to effect any State level coordination. We have been in that position in Maryland now for 2 years. We have developed the trust of State agencies and all the prime sponsors, but there is no clout to our review of plans in which we recommend that some coordination be effected, that duplication be eliminated. So yes, I would like to see legislation do some of both.

I think I do that from the philosophy that all three can be equal partners. The State office, whether it is the Governor or his designee, the private industry, and the local elected official, who should be responsible for managing and implementing the program at that level, I think all three can work together. Until recently, the Governor or the Governor's council has been shut out of the process.

Representative HAWKINS. Well, they have not been shut out in terms of the balance of State——

Ms. CARDIN. That's correct.

Representative HAWKINS. Have you been able to achieve coordination in that instance?

Ms. CARDIN. Yes. In the balance of state, in Maryland, at least, we have had an excellent record. We have a very strong PIC in the balance of state. There is tremendous cooperation. I think we have a record—as a matter of fact, I know we have been cited as exemplary in the State. But I think that is because the moneys have some control there, and I think that incentive moneys would provide that same kind of leverage in other areas of coordination.

Representative HAWKINS. So you have been able to get it through the incentive of having money available?

Ms. CARDIN. That's correct.

Representative HAWKINS. Senator Pell.

Thank you, Mr. Chairman.

I apologize. I was on the other side when Mr. Hanley came forward. I would have liked to have been here in time to introduce him. I want to just say what a fine job he has done as Director of Job Development and Training in Rhode Island and that we are very glad that he was chosen to be a witness to come down here. How long, Mr. Hanley, have you been involved in the CETA program in Rhode Island?

Mr. HANLEY. I have been involved in the program since its inception, sir, when we had the military base closing in Rhode Island in 1974. That's when I was actively involved.

Senator PELL. Then did you do any employment training work prior to that?

Mr. HANLEY. Yes, in my days with the initial Community Action Agencies, I was in charge of the placement and counseling for the old concentrated employment program.

Senator PELL. Some people have said that CETA really didn't do a very good job. I have not agreed with that, but more important, what do the figures show? How many people have been placed in private, unsubsidized jobs since CETA started out in 1974?

Mr. HANLEY. We have placed, Senator, over 12,000 people in unsubsidized positions, averaging about 2,200 per year.

Senator PELL. This does not count the people who were put into municipal and State jobs?

Mr. HANLEY. No, it does not.

Senator PELL. These are private jobs, 12,000 people.

Mr. HANLEY. That's correct.

Senator PELL. To what degree, and how, has private industry participated in these placements?

Mr. HANLEY. Prior to the inception of title VII, we had a very active business community on our regular advisory board. Through the Department of Economic Development—we are actually a division of the Department of Economic Development—we have access to research that they have, the new companies that are coming in, the companies that are expanding. Most of the questions that arise during the briefing of a new company, a prospective company, center around employment, labor force, training capabilities. So we are on the ground floor in meeting with those prospective employers and we are able to show them some flexibility and a variety of types of programs, classroom training, OJT, a coupling of those programs.

Our title VII program, of all the individuals who successfully complete the training—not just people who are in it, but successfully complete—we have a 96 percent placement rate.

Senator PELL. That's very good.

Now, do you think private industry in the future will be willing to take part in a new job training program? Do you see a change with private industry in this regard or not?

Mr. HANLEY. I can only speak basically for Rhode Island. Because of the fact that private industry is so active in Rhode Island, I see a fairly smooth transition. I had a letter from my PIC chairman—who unfortunately was out of the country, and it wasn't signed so I didn't bring it, which I would like to send down at a later date—it states that they would like to be as active in the future as they have been in the past.

We have involved the private industry council in all aspects of the CETA program, the different titles, which have given them more of a feeling of actually taking part and being a partner in the program. They have stated to us that they don't feel it is necessary to create duplication and competition within the community by actually running programs. They feel the balance of State prime sponsors is capable of handling the actual running of the programs.

Senator PELL. In your experience, what groups do you think need employment training the most in our State?

Mr. HANLEY. I would say that our basic philosophy has always been to try to serve those most in need. We would like to expand on the groups that have the ability to be served to include not only welfare recipients and youngsters and minority youth, but other facets of the labor market—displaced workers, people who need retraining, upgrading—so that we have on the State level a little more discretion and flexibility than just is allowed, in fact, in either bill with the 10 percent. I would like to see the 10 percent broadened on a much more individualized basis on the State level.

Senator PELL. I would like to be specific about the need for skilled secretaries and office workers. Why is it that the supply seems to go down when the need goes up? Twenty years ago when I became a Senator, it seemed to me there were more applicants. Today it is very difficult to find someone who is very skilled.

Mr. HANLEY. We might be able to attribute that to the fact that there is more of an opportunity in certain training occupations. We try to broaden the spectrum of training so that individuals are not locked into a particular role that they may not feel that's what they want to do. That may be all that is available to them, so they are put into it, and that is not always the way that leads to permanent placements down the road.

We try to respond more to industry needs. We have an ongoing clerical program that the graduates are being picked up prior to their even finishing their training. But we broaden our training spectrum to do computer training. We were one of the first in the country to do cable TV installation and line person training. We are looking at hazardous waste training because, as you are well aware, of some of the problems that we have in Rhode Island with the waste situation. So we respond as private industry asks us to respond. We don't create training if there is not a market for those individual jobs at the end of that training.

Senator **Pell**. As a general rule, do minorities have a harder time getting placed than white workers?

Mr. **Hanley**. I think it is a combination of an individual thing. It is based upon, you know, some of the barriers that those individuals have at the particular time. What we try to do is lend credence to our supportive service system that all people who are placed in the pool of people available for training are acceptable to the employers. We bring in the employers for screening purposes, the development of curriculum, so that they know—they meet the individuals prior sometimes, and they're even getting hired. So by then they are meeting a well-rounded, motivated individual because of the support system we provide to those individuals prior to their entering into an actual classroom or OJT slot.

Senator **Pell**. What groups in our own State have benefited the most from the CETA programs?

Mr. **Hanley**. I would probably say, other than the economically disadvantaged, which we have geared all of our program toward, would be women's groups, welfare recipients, and people collecting unemployment insurance. Because of the limited dollars, we try to maximize the use of our dollars by including those individuals into training.

Senator **Pell**. Thank you very much, indeed.

Representative **Hawkins**. Thank you, Senator.

Ms. **Cardin**. Mr. Chairman, if I may——

Representative **Hawkins**. Yes, Miss Cardin.

Ms. **Cardin**. Before we are excused, the Maryland State Employment Training Council has sent a much more comprehensive document and analysis of the proposed legislation to your committee, but there are two brief issues that I would just like to touch upon.

One is my concern that the current unemployment situation not be linked to a program designed to train the long-term structured unemployed and disadvantaged out of school. I am concerned that they not be linked as one, because we believe they are two distinct problems and would need to be addressed with different programs. We trust there will be a displaced or dislocated worker series of either legislation or provisions to account for them, separate from the proposals which are before us now, dealing with the long-term structured——

Representative **Hawkins**. When you say separate, do you mean separate titles or do you mean separate bills, or——

Ms. **Cardin**. I mean different moneys, No. 1, because I don't think the same amount of money would address both issues, and I think different issues—for example, we don't have as yet, I believe, a national labor market information system which would enable us to afford recent out-of-work but skilled workmen and women to move from place to place if such jobs would open up. I think we need much more comprehensive SOICC and NOICC exchange of information so that we can benefit from that. That, I think, is more sophisticated than the long-term structurally unemployed would benefit from initially. That's what I mean by——

Representative **Hawkins**. The administration's proposal, as I read it, doesn't contain anything with respect to labor market information.

Ms. **Cardin**. Absolutely. I think that is a terrible omission. I believe that is a very serious omission.

Representative **Hawkins**. When you said the separation, I want to make clear what you're saying.

Do you mean that it should be included in the same legislative proposal but not in the same title?

Ms. **Cardin**. Absolutely; that's correct. Because where there is retraining necessary, I presume we would use the same providers and have the same local officials responsible.

Representative **Hawkins**. Do you believe that it is a part of the total policy question and should not be separated by being not treated at all or treated in another legislative proposal that may or may not link it with the overall——

Ms. **Cardin**. I think if there were a national training and employment policy, it should be part of that policy and should definitely be linked and not be another structure.

My other concern is that job creation is so essential, as I have heard in all the testimony today, and as you have questioned several times, that I would suggest on behalf of our SETC council that a percentage of funds be set aside for job creation. I am not aware that that exists in any of the legislation as a specific set-aside. But if we can help create the jobs for which we are training people, or for which we hope to train people, I think we would have a better opportunity of success. My concern is that the next legislation which passes be programed for success and not structured for disaster or disappointment.

Representative **Hawkins**. I think it is a permissible activity in some of the proposals, but it is not specifically mandated.

Ms. **Cardin**. It is not specifically defined.

Representative **Hawkins**. You prefer that it be specifically mandated and not a permissible——

Ms. **Cardin**. Exactly, not left as a discretion.

Representative **Hawkins**. Of course, the thrust of at least the House proposal that I have authored is that some of these matters be left to local flexibility rather than mandating. However, we would hope to pick up on whether or not an effective program has included that as well as other programs in the performance standards. We feel that we will not get good performance if they make all of the mistakes that can be made, and that is a final test. We have hesitated to say to either the State or local governing bodies that you have got to do this, you have got to do that.

Ms. **Cardin**. If I may, I agree completely with the performance standards as outlined in your legislation. I think they are essential. But I think they would not be applicable as easily to job-creation moneys. I think we would need a longer period of time, perhaps, or a different set of performance standards. That is why I recommend that that be considered.

Representative **Hawkins**. But in job creation would you include public-service employment?

Ms. **Cardin**. Yes, I would, if that were one form of job creation.

Representative **Hawkins**. Most of the witnesses have testified that that is the thing that has given CETA a bad name. How would you respond to that?

Ms. **Cardin**. I think many things have given CETA a bad name, and not all of them deserve it. I think there were areas in which public service employment helped the private, nonprofit sector, and I believe it helped local governments in many areas. I think there may have been abuse in some areas.

I don't think it should be the only job-creation money. I think the private sector could benefit from either capital for expansion, which would tie in to employing persons who are eligible participants in the new employment and training system, so I think there are other ways to go. But if a local entity, in its wisdom, felt that that was a feasible use of the funds, with the advice of the PIC, which I believe will be required, and/or the Governor, I think that that would be acceptable.

Representative **Hawkins**. Well, I quite agree with you. I don't know how many do, though. The administration, which disagrees on the question of job creation as pertaining to public-service jobs, was very anxious to support a supplemental to provide almost $2 billion extra for unemployment insurance, where the individuals were not contributing anything.

Ms. **Cardin**. Exactly.

Representative **Hawkins**. Now, certainly, to say the least, I don't mean to demean public-service jobs by even putting them into that category, but certainly it would have been a lot wiser if we had a jobs program that would have provided at least some type of public service rather than leaning that heavily on, let's say, unemployment insurance or even on welfare.

Ms. **Cardin**. I would concur, Mr. Chairman.

Representative **Hawkins**. Thank you.

Senator Pell.

Senator **Pell**. I just wanted to follow up on that point.

As I understand it—and I think we're in agreement—you would, Mr. Chairman, be of the view that the Government should be an employer of last resort if no other employment opportunities were available?

Representative **Hawkins**. Well, I have always felt, Senator—and I think Senator Humphrey and I in drafting the Full Employment Act, which set a national policy—did indicate that where an administration fails to provide the proper type of monetary and fiscal policies, that after a certain length of time, everything else having failed, that jobs of last resort certainly should be available.

Senator **Pell**. I agree with you completely. I wish we could come out with it more forthrightly, because it is certainly better to find a job for an individual and have him working than it is to give him unemployment benefits. I wish we could go even further that way.

Representative **Hawkins**. We seem to have a lot of weak-kneed individuals in office these days, Senator, unfortunately, who don't even want to be identified with CETA or with public service jobs, or to say jobs of last resort sounds almost radical.

However, I think we are coming to that period of time when we may get back to a little sanity. But until that time, some of us have been careful about suggesting things to handicap even getting a reasonable good employment and training bill through.

Senator **Pell**. Of course, there's enough work in the public sector that needs to be done that is not being done either.

I would like to ask the two witnesses what their view is with regard to the philosophy that Government should be the source of employment opportunities as a last resort, and that it is preferable to make those jobs available than to pay out unemployment benefits.

Ms. **Cardin**. I concur. But I think we have to not use that as a crutch. I think we have to literally mean as a last resort and do every effort ahead of that.

Mr. **Hanley**. I believe that public service employment has a function within a comprehensive employment and training system. I believe that after the amendments of 1978 that was proven. The fact that there was a maximum duration put on the length of time that you could stay in that program, there was a dollar amount set that that individual could earn, that put the pressure, justifiably so, on the prime sponsor to use that as a legitimate training outlet and to place those individuals into unsubsidized positions.

Senator **Pell**. Thank you.

Representative **Hawkins**. I would think we're probably talking about wages. It really gets down to that, because I know that President Reagan, when he was Governor of California, was very anxious to make sure that everybody did something for the return that they got from the taxpayers from any type of welfare. But what he meant by that was starvation or welfare wages. I would assume that the same is true now, that when we begin talking about jobs, the aim is to drive everyone into low wages at this particular time. Obviously, jobs are always available if you're willing to work for a low wage. You could possibly hire out to a welfare recipient if you offered your service for a low enough wage. So I think the question arises out of that. But that's getting a little bit off the subject and I don't want to philosophize too much.

Do you have any other questions?

Senator **Pell**. No further questions, Mr. Chairman.

Representative **Hawkins**. Thank you. The Chair wishes to thank the two witnesses.

The sixth and final panel is the State Occupational Information Coordinating Committees, to consist of Mr. Jay Pfeiffer, testifying on behalf of the Florida Occupational Information Coordinating Committee, and Ms. Carol Kososki, director of the South Carolina Occupational Information Cordinating Committee.

I understand Ms. Traer Sunley, assistant director of health and welfare, State of California, is here, and she was to appear on the previous panel. But inasmuch as she was not in the room at that time and did not participate, we will ask her to join this panel, as well. We are sorry for any misunderstanding that there might have been, Miss Sunley, but we are delighted to have you on this panel.

May we hear first from Mr. Pfeiffer first, testifying on behalf of the Florida Occupational Information Coordinating Committee.

STATEMENTS OF JAY J. PFEIFFER, FLORIDA OCCUPATIONAL INFORMATION COORDINATING COMMITTEE; CAROL J. KOSOSKI, DIRECTOR, SOUTH CAROLINA OCCUPATIONAL INFORMATION COORDINATING COMMITTEE; AND TRAER SUNLEY, ASSISTANT DIRECTOR OF HEALTH AND WELFARE, STATE OF CALIFORNIA, ON BEHALF OF GOVERNOR EDMUND G. BROWN, JR.

Mr. **Pfeiffer**. Mr. Chairman, thank you very much for the opportunity to provide comments on the legislation that you're considering.

Each of the bills that you are considering show agreement that the labor market occupational information is critical to establishing programs that match workers and jobs. Each, however, provides a different approach to producing and using this type of information. I will focus in my remarks, as I have in my written remarks, on an effective and proven approach to producing and using this information that is relevant to the legislation that will emerge in your deliberations. I have four recommendations concerning that approach.

The first is that the labor market information sections in the new legislation should have a clearly defined purpose that supports the overall purpose of the legislation. None of the bills before you have a clear purpose for the labor market information sections. Without a clear purpose, important sources of information for programs, employers and workers could be nonexistent or discontinued.

A good example for the need for such a purpose is currently emerging. Down in Florida, vocational education and CETA people consider occupational employment data a critical element to their planning and career guidance programs.

The chief source of this information is the occupational employment statistics program which has been singled out by the U.S. Department of Labor for reduced funding and assistance to States. If this resource were specifically related to a particular public purpose, it might be held in higher regard by the Department.

My second recommendation is that the purpose of the labor market information section should be implemented through the National State Occupational Information Coordinating Committee mechanism. The bills that state a need for information coordination put that responsibility with the Department of Labor. Sole responsibility for coordination of occupational information, however, should not lie with the Department or any single agency because there are too many other agencies that have important data resources and interests. Federal-State interagency bodies are needed. The occupational information coordinating committee structure is such a body that works.

It makes each agency work together in equal partnership to standardize and coordinate occupational data to avoid duplicative efforts and to assure State and user responsive systems.

A direct product of having a National and State network is that development and enhancement costs are spread across the States and reinventing the wheel is avoided. It makes sense to continue and strengthen an existing resource that is working and working well.

My third recommendation is that the role of the occupational information coordinating committee should be to develop a common occupational information system. The bills that state a need for information coordination should direct these activities to a specific product. The role of the committee should be to maximize the use and quality of existing data resources in providing data through the occupational information system product. In doing this, committees can guide research, review and comment on changes to particular data systems, and work to eliminate gaps and duplication among the systems.

My fourth and final recommendation is that all relevant Federal legislation should require the use of the common occupational information system where it is appropriate to do so. All of the bills state that planning should occur through labor market and occupational supply and demand analysis. They further provide that such analysis should be provided to program participants. None, however, requires the use of data generated for that purpose in the labor market information sections. It is very important that those who plan programs and deliver services among different agencies work from a common understanding of the labor market which is provided through a common occupational information system.

Without such a system, training programs cannot be expected to be responsive. Programs in different agencies may duplicate one another or totally miss labor market needs, and individuals cannot make informed career decisions.

Now, I suspect that few Members of Congress will hear from their constituents regarding the presence or absence of a National State occupational information coordinating committee structure. However, I know they will hear from them if new programs are not more successful than the old ones. The Congress created the system of occupational information coordinating committees to meet a need for information to improve programs. Significant progress has been made. If the committees are abolished or if their experience is not built on and strengthened, the new programs may be no more successful than the old.

The four recommendations that I have made to you, sir, are that there should be a clear purpose to the information that is provided for in the bill, in the labor market information sections; that purpose can best be implemented through the occupational information coordinating committee mechanism; the role of those committees should be to develop a common occupational information system; and finally, all pieces of legislation that require planning and career guidance activities should require the use of that information.

I would like to close by saying that occupational information will never be a total solution to the need for programs to match workers with jobs. It can and should be, however, a critical tool to eliminate, refine and advance program development to meet the needs of workers and employers in the Nation's labor markets. Occupational information will never replace the need to identify the values that should be addressed by employment policy and programs. It should be an element, however, of continuous dialog that moves toward recognizing and achieving the Nation's goals in the workplace. Thank you.

[The prepared statement of Mr. Pfeiffer follows:]

STATEMENT OF JAY J. PFEIFFER
FLORIDA OCCUPATIONAL INFORMATION COORDINATING COMMITTEE
BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE
AND THE
SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
COMMITTEE ON EDUCATION AND LABOR
UNITED STATES HOUSE OF REPRESENTATIVES

March 16, 1982

Mr. Chairmen and Members of the Subcommittees:

Thank you for the opportunity to address this hearing concerning new employment and training legislation. I wish to provide comments on the various initiatives you are considering from the perspective of experiences I have had in the employment and training field since 1972. My perspective is broad in that it includes program planning, program monitoring, program coordination, program evaluation, management information systems development, and labor market research in this area of public policy. I have worked with Private Industry Councils in developing information on training opportunities. Over the past four years, I have worked with the Florida Occupational Information Coordinating Committee, coordinating the development and use of a common Occupational Information System for use by Florida's economic development, education, and employment and training establishments.

I. OVERVIEW

I will focus on the need for occupational information in implementing new employment and training legislation in light of the purposes and objectives of the proposed initiatives. I will highlight the rationale and experiences of the existing State and National Occupational Information Coordinating Committees in coordinating agency data programs toward a common Occupational Information System, and will pose recommendations for the new legislation that will continue and strengthen this effort.

The thrust of my remarks to you, will be that labor market and occupational data are essential in supporting the purpose of the new legislation; that here are currently available data resources through many federal and state agencies that can be coordinated and standardized to meet that purpose; that federal and state agencies have a relatively new mechanism to coordinate and standardize occupational data, the Occupational Information Coordinating Committees; and, that if strengthened, the Committees are tailor made to ensure that the purposes of the new legislation are met.

II. THE NEED FOR OCCUPATIONAL INFORMATION IN NEW EMPLOYMENT AND TRAINING LEGISLATION

The purpose statements of the two bills proposed in the House of Representatives and the thrust of the two bills before the Senate, indicate that a major objective is to achieve a better match between available and potential workers and available jobs. The bills variously recognize that this objective can be met if there is a coordinated effort between the public and private sectors involving economic development, education, employment and training, and employers. The bills further recognize that coordination involves many levels of activity including advisory, counseling, education and vocational training, job creation, rehabilitation, labor exchange, and labor market information. I would like to point out that the need for coordinated labor market information encompasses all of these levels of activity.

A coordinated effort to match workers needing jobs and employers with jobs to offer, requires that federal, state, and local policy-makers, planners, and professionals who counsel program clients know what resources are available and have access to information about occupations.

Public programs established to match workers and jobs require that those charged with planning and decision-making have information which identifies the employer's needs for workers by occupation, the supply of trained workers by occupation, and descriptions of the characteristics and requirements of occupations. Taken together, this type of information is referred to as an Occupational Information System.

Agencies charged with implementing the new legislation need national, state, and local Occupational Information Systems data.

III. THE CURRENT STATUS OF OCCUPATIONAL INFORMATION SYSTEMS

Data for an Occupational Information System currently come from many federal and state resources. Most of these information resources were originally designed for different purposes using different definitions, standards, and methodologies. Use of the data has both positive and negative aspects. On the plus side, when these resources are examined together, they present a rich and valuable resource for analysis. On the negative side, when the resources are not coordinated, the data are cumbersome and confusing. Confusion leads to a sense of mistrust of federal and state data, often resulting in use of limited public program resources to do surveys and other forms of research. Frequently this research duplicates existing data resources and only serves to confuse and frustrate users more.

It was in recognition of these facts, that you and your colleagues created the system of State and National Occupational Information Coordinating Committees in the Vocational Education Act Amendments of 1976 and the Comprehensive Employment and Training Act Amendments of 1978, and charged them with coordinating the development of a common Occupational Information System from existing data resources. The efforts to pull together federal and state data resources into a comprehensive system tailored to the needs of various users is cost effective in the short and long run. In the short run, it provides data for immediate use and provides standards of definition and methodology which can be adopted by the various agencies. In the long run, it helps identify gaps and weaknesses in existing resources that can be addressed by public and privately supported research. These are the major characteristics of the work of the National and State Occupational Information Coordinating Committees.

The accomplishments of the committees in the past five years are dramatic. Five years ago, only one state had an Occupational Information System for program planning. Now there are systems at various stages of development in all of the 57 states and territories. At least 22 regularly provide occupational data to planners through publications and computer delivery techniques. Many of these have state mandates requiring use of the data. Four years ago, nine states received national funds to develop statewide Career Information Delivery Systems using Occupational Information Systems data. Now thirty states have such systems delivering information to workers and trainees at 4,500 sites All states regularly provide clearinghouse-type services to assist state and local users in obtaining and using occupational data. Over half supplement these services with information directories.

There are additional accomplishments. The Ohio Committee regularly works with private firms and Chambers of Commerce to assist them in analyzing the labor market. The Michigan Committee has worked with automobile manufacturers to provide career guidance data to layed-off workers. The Colorado Committee has worked with the Tri-State Energy Commission of Western States to examine the impacts of changing energy resources. The Florida, Oklahoma, and Colorado Committees have worked with agencies in their respective states to consolidate agency management information systems particularly in the area of follow-up and program evaluation. Four state committees are in the process of developing methods of providing cost-efficient local data that are transferable to other states. The Iowa Committee is developing a transferable method for developing occupational data in agriculture.

These accomplishments suggest to me that the National System of Occupational Information Coordinating Committees are successful in supporting the purposes of the Comprehensive Employment and Training, Vocational Education, Vocational Rehabilitation, and Wagner-Peyser Acts. The success of the Committees can be attributed to three factors:

1. The recognition by agencies comprising the Committees that coordinating data resources into a common Occupational Information System is needed to help meet their program objectives;

2. The Committees represent independent interagency forums through which agencies can make individual and collective decisions that support each; and,

3. The creation of Committees at the National level and in each state provides for communication regarding data issues and standards at the National level and through which any given state can build on the experiences of another state.

The three factors represented above are lessons that many of us, at the state level, have learned over the past five years. It is important that new employment and training legislation builds on these lessons or the years of effort, professional experience, and public expense will be lost. Further, the new programs may be no more successful than those which preceded them in meeting needs, because they won't be planned on better information. The new employment and training legislation should continue and strengthen the system of National and State Occupational Information Coordinating Committees.

IV. RECOMMENDATIONS

In light of the experiences of the National and State Occupational Information Coordinating Committees and the three factors which have lead to their success, I would like to offer four recommendations to be applied in the Labor Market Sections of the legislation that emerges through your deliberations.

A. THE LABOR MARKET INFORMATION SECTIONS OF THE NEW LEGISLATION SHOULD HAVE A CLEARLY DEFINED PURPOSE THAT SUPPORTS THE OVERALL PURPOSE OF THE LEGISLATION

The legislative purpose of effecting a better match between workers and jobs should be supported by a comprehensive information program which identifies current and projected job opportunities, available workers, and characteristics of jobs; that is, an Occupational Information System.

B. THE PURPOSE OF THE LABOR MARKET INFORMATION SECTION SHOULD BE IMPLEMENTED THROUGH THE COORDINATION OF MAJOR AGENCIES WHO PRODUCE AND USE OCCUPATIONAL DATA VIA THE NATIONAL-STATE OCCUPATIONAL INFORMATION COORDINATING COMMITTEE MECHANISM

The legislation should be developed in recognition of the fact that reasonable state and national Occupational Information Systems can be coordinated using data resources and knowledge that currently exist in federal and state agencies. Coordination toward the implementation of standard definitions and methods requires the participation of affected agencies on an equal basis, through an independent forum.

Current National Committee membership includes the Commissioner of Labor Statistics, the Assistant Secretary for Employment and Training, the Commissioner of Education and the Administrator of the National Center for Education Statistics. Their counterparts at the state level comprise state committees. This national membership could be expanded to include representation from the Bureau of the Census, the Rehabilitation Services Administration, and Defense Manpower concerns if it better meets the objectives of the legislation.

C. THE ROLE OF THE COMMITTEES SHOULD BE TO DEVELOP A COMMON OCCUPATIONAL INFORMATION SYSTEM BY USING AND IMPROVING EXISTING DATA RESOURCES AND BY ADOPTING DATA STANDARDS

The National and State Occupational Information Coordinating Committees should be a mechanism through which member agencies adopt standards and conduct research in occupational information that supports the coordinated development of national and state Occupational Information Systems from existing resources. Decisions by agencies to reduce or otherwise alter a particular occupational data generating program should be reviewed through the Committee forum. The committees should guide and/or conduct all publically supported research that addresses gaps and weaknesses in Occupational Information Systems. Research efforts should include the identificaton of methods designed to streamline reporting burdens as they relate to occupational data. The committees should submit progress reports to appropriate authorities on an annual basis for oversight and review. Such reports should include evaluations of committee products by users of those products.

D. SECTIONS OF ALL NEW EDUCATION, EMPLOYMENT AND TRAINING LEGISLATION PERTAINING TO PROGRAM PLANNING, CAREER GUIDANCE, AND SUBMISSION OF ANNUAL EVALUATION REPORTS SHOULD REQUIRE THE USE OF THE COMMON OCCUPATIONAL INFORMATION SYSTEM

National, state, and local education, economic development, and employment and training agencies which implement public programs should be required to use data generated by the Coordination Committees. Its use across all programs will assure that each analyzes the labor market from the same basic understanding and will foster further coodination in planning and service delivery.

V. CLOSE

The purposes suggested by the new employment and training legislation should build on the lessons of the Comprehensive Employment and Training and Vocational Education Acts. These lessons include the fact that effectively addressing the frustrations of under- and unemployed workers and employers with available jobs requires significant program coordination including occupational information. As suggested to you in the position statements of the American Vocational Association, information requirements can best be met by continuing and strengthening the National and State Occupational Information Coordinating Committee mechanism in light of the purposes of the new legislation. This should occur through the auspices of all affected education and training agencies. To dismantle this mechanism, or to assign its responsibilities to an organization in which each affected agency does not have an equal interest would mean a reduction in its effectiveness, and worse, continued problems in the ability of programs to address labor market needs.

In closing, I would like to say that my focus on labor market/occupational information reflects an understanding that the information will never be a total solution to policy-development, program planning, management and evaluation, or career decisions. Information can and should however, be a critical tool that serves to illuminate, refine, and advance policy and program developments to meet the needs of workers and employers in the nation's labor markets. It will never replace the need to identify the values that should be addressed by employment policy and programs. It should be an element, however, of a continuous dialogue that moves toward recognizing and achieving this nation's goals in the work place.

I will be happy to respond to your questions and concerns about my testimony.

Representative HAWKINS. Thank you, Mr. Pfeiffer.

Ms. Kososki.

Ms. KOSOSKI. Thank you, Mr. Chairman, and members of the House and Senate Subcommittees. My name is Carol Kososki. I am the director of the South Carolina Occupational Information Coordinating Committee and administrator of a computerized occupational, educational, career and job information system used by more than 7,000 South Carolinians per month.

I have a prepared statement which provides full comments on the proposed Labor Market Information section of Senate bill 2036, the Training For Jobs Act. I will leave this statement with you and comment here on the delivery of occupational information.

Unemployment is on the rise. Nationwide, 10.4 million Americans were unemployed in February. The January South Carolina unemployment rate was 11.4 percent. However, as President Reagan recently pointed out, by checking the job listings in the Washington Post, jobs are available. Or, rather, I should say, certain types of jobs are available—those that require a skill which is in short supply.

The February 8th edition of Time magazine quotes one laid-off Pittsburg steelworker who, recalling Mr. Reagan's comment that the newspapers were bulging with help wanted ads, said, "I read the want ads, too, but I'm not a nurse."

Employers are looking for engineers, technologists, computer analysts, and medical workers, while unskilled and semi-skilled workers are increasingly unable to find work. In our country today, good jobs are going begging while millions are out of work because of a mismatch between the skills of the work force and the requirements of the work place.

The National Occupational Information Coordinating Committee, NOICC, and its State counterparts were created to address this problem. The NOICC/SOICC network helps people choose training programs which are likely to lead to a job. It helps administrators and planners allocate resources to training programs needed by employers. In other words, NOICC/SOICC helps solve the problem of bringing occupational supply together with occupational demand.

The one point I would like to make with you today, if I make no other, is this: If Senate bill 2036, the Training For Jobs Act, is passed by Congress, the only labor education partnership now operating at the Federal and State levels, the NOICC/SOICC network, would disappear unless this bill is modified. I urge you to include the NOICC/SOICC network in the CETA replacement legislation.

The NOICC/SOICC coordinative mechanism, involving equal partnership of labor and education, was created under the Education Amendments of 1976 and included in CETA. This equal partnership approach has meant that in South Carolina we now deliver occupational, educational, and job information by computer to thousands of youths and job seekers in over 230 agencies—high schools, vocational centers, middle schools, vocational rehabilitation workshops, 4-year colleges, technical colleges, job service offices, community-based organizations, public libraries, criminal justice institutions, Job Corps, and veterans groups. A new grant will soon permit us to deliver Army occupational information to South Carolina youths by computer terminal.

Not only does the South Carolina system deliver information to lots of different users, it is also financed by different groups. This year, funding from the NOICC accounts for about 41 percent of total revenues for the South Carolina system. The remainder comes from local user fees, State level CETA funds, Employment Security and Higher Education Act funds.

Nationwide, the NOICC has provided start-up funds to 21 States for career information delivery. In 1978, only nine States had statewide career information delivery systems. Now 30 States are implementing these systems. Twelve more States and Puerto Rico are in the planning stages. The program should be extended to all interested States and should be maintained in those States where career information delivery has started.

Additionally, the National Occupational Information Coordinating Committee has facilitated the development of occupational supply/demand systems through coordinating standardization of information, developing crosswalks which link together large statistical programs, and sponsoring research aimed at improving occupational information.

Since the NOICC/SOICC network is now funded under both the Vocational Education legislation and CETA, failure to include NOICC/SOICC in a replacement to CETA would probably mean the demise of NOICC/SOICC. We must assure set-aside labor funding under employment and training legislation to match Vocational Education Act funds, so as to continue the National/State Occupational Information Coordinating Committees.

In closing, I must emphasize that if we in the States are to effectively continue our effort to match people with jobs through the use of occupational information, Federal support and resources must be maintained. This includes basic programs in the Department of Labor, especially the Dictionary of Occupational Titles, the Occupational Outlook Handbook, the Occupational Employment Statistics Program, and the Guide for Occupational Exploration. These are essential sources of national information on occupational descriptions, employment, and job outlook used in vocational guidance and job placement at the State and local levels.

It has been said that the person who does not read is no better off than the person who is blind and cannot read. How much better off are we if we close our eyes to methods that can combat unemployment by synchronizing education and training with the real world of work?

Include labor market information functions and the NOICC/SOICC organizations in the employment and training legislation and assure the availability of occupational and labor market information throughout the country. Thank you.

[The attachment to Ms. Kososki's statement follows:]

Comparison of Senate Bill #2037, Title II, Part D-- Labor Market Information and Proposed Alternative Language to Include the National/State Occupational Information Coordinating Committees

Submitted by Carol Kososki
Director, S. C. Occupational Information Coordinating Committee

Senate Bill #2037 (Quayle) Title II Part D	Proposed Alternative Language	Comments
COOPERATIVE LABOR MARKET INFORMATION PROGRAM Sec. 231. (a) (1) From the amount set aside under section 302 (a) (5) the Secretary shall reserve such sums as may be necessary to operate a Federal/State cooperative statistical labor market information program in accordance with the provisions of this part	(a) (1) No Change	No Comment
(2) Notwithstanding any other provision of law, funds available to other Federal agencies for carrying out Chapter 35 of title 44 of the United States Code, the Vocational Education Act of 1963, and the Act of June 6, 1933 (popularly known as the Wagner-Peyser Act) may be made available by the head of each such agency to assist in carrying out the provisions of this part.	(2) No Change	No Comment
(b) The Secretary shall maintain a comprehensive National System of labor market information on a National, State, local, and other appropriate basis which shall be made publicly available in a timely fashion.	(b) The Secretary, in cooperation with the National Occupational Information Coordinating Committee (NOICC) shall maintain a comprehensive National System of labor market information on a National, State, local, and other appropriate basis which shall be made publicly available in a timely fashion Such system shall include information on current and projected employment by occupation.	Relates the Secretary to NOICC regarding

Senate Bill #2037 (Quayle) Title II Part D	Proposed Alternative Language	Comments
Sec. 231. (c) In carrying out the provisions of this part, the Secretary shall assure that —	(c)	No Comment
(1) departmental data collecting and processing systems are consolidated to eliminate overlap and duplication;	(1) No Change	
(2) the criteria of chapter 35 of title 44 of the United States Codes are met; and	(2) No Change	No Comment
(3) statistical reliability and National Standardized definitions of employment, unemployment, and occupational definitions are used.	(3) No Change	No Comment
	Add (4) the Occupational Employment Statistics (OES) program shall provide the basis for development of occupational employment information.	Retains OES Program
(d) The Secretary shall maintain, on a National, State, local, and other appropriate basis, household budget data at different levels of living (including a level of adequacy), designed to reflect the difference of household living costs in National regions, States, and both rural and urban locations.	(d) No Change	No Comment
(e) The Secretary shall publish, at least annually, a report linking labor force status with earnings and income.	(e) No Change	No Comment
	Add (f) The Secretary shall maintain a nationwide computerized job bank and matching system on a regional, State, and local basis, using electronic data processing and	

Senate Bill #2037 (Quayle) Title II Part D	Proposed Alternative Language	Comments
	(f)cont'd. telecommunications systems to the maximum extent feasible for the purpose of identifying sources of available persons and job vacancies, providing an expeditious means of matching the qualifications of unemployed underemployed and economically disadvantaged persons with employers' requirements and job opportunities, and referring and placing such persons in jobs.	Retains job bank/matching program.
FEDERAL RESPONSIBILITIES Sec. 232. (a) The Secretary, in cooperation with the Secretary of Commerce, the Secretary of Defense, the Secretary of the Treasury, the Secretary of Education, and the Director of the Office of Management and Budget, shall—	(a) The National Occupational Information Coordinating Committee, established under the Vocational Education Act, shall be expanded to include the Assistant Secretary of Commerce for Economic Development; and the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics. In addition to its responsibilities under the Vocational Education Act, the Committee shall:	Expands National Occupational Information Coordinating Committee member agencies and sets forth functions of the NOICC.
(1) review the need and the application of all operating national data collection and processing systems in order to identify gaps, overlaps and integrate at the National level currently available data sources in order to improve the management of information systems;	(1) review the need for and the application of all national and cooperative Federal/State collection and processing systems related to occupational information, to identify gaps, overlap, and duplications and to provide recommendations to the office of Management and Budget and data producing agencies for integrating and improving such systems;	Specifies NOICC advisory role regarding occupational data systems.

Senate Bill #2037 (Quayle) Title II Part D	Proposed Alternative Language	Comments
Sec. 232. (2). maintain, assure timely review, and implement national standardized definitions with respect to terms, geographic areas, timing of collection, and coding measures, to the maximum extent feasible; and	(2) No Change	No Comment
(3) provide technical assistance to the States in the development, maintenance, and utilization of labor market/occupational supply and demand information systems and projections of supply and demand as described in section 233, with special emphasis on assistance in the utilization of cost-efficient automated systems and improving access of individuals to career opportunities information in local and State labor makets.	(3) give special attention to the labor market information needs of youth, including activities such as, but not limited to -- (i) assisting and encouraging states to adopt methods of translating national occupational outlook information into State and local terms, (ii) providing technical assistance for programs of on-line computer systems and other facilities to provide career information at sites such as local schools, Employment Service offices, job training programs authorized under this Act and, (iii) in cooperation with State and local correctional agencies, encouraging programs of counseling and employment services for youth in correctional institutions;	Continues existing NOICC functions under CETA (Section 315) with respect to needs of youth
	Add (4) provide technical assistance and continuing funding support to State Occupational Information Coordinating Committees (SOICCs) and to organizations designated by the Governor under Sec. 233. (b) in the development, maintenance, and use of occupational supply and demand information systems, and career information delivery systems.	Defines NOICC role regarding SOICCs.

Senate Bill #2037 (Quayle) Title II Part D	Proposed Alternative Language	Comments
Sec. 232. (b) The Secretary, in cooperation with the Secretary of Defense, shall assure the development of an integrated occupational supply/demand information system to be used by States and, in particular, in secondary and postsecondary educational institutions in order to assure young persons adequate information on career opportunities in the Armed Forces.	Add (5) assure provision of integrated occupational supply and demand information to be used -- (i) at the State level to inform young people about career and training opportunities in the Armed Forces and for use in economic development activities, and (ii) at the National level, to assist in defense and mobilization planning through identifying potential skill shortages in defense related industry, and to assist in the development of appropriate National policies for assuring provision of a skilled labor force;	Specifies NOICC role regarding Armed Services
	Add (6) publish at least every two years, a report examining the National occupational supply and demand situation including labor force, education, and defense data and focusing on actual and potential skill shortages and surpluses, and reporting on the status of occupational information capabilities at the State and National level. Such report may make recommendations for improvement of occupational information production and dissemination capabilities.	Specifies NOICC responsibility to publish a National occupational supply/demand report.
	Add (7) Conduct research and demonstration projects designed to improve any aspect of occupational and career	Specifies NOICC research role in the occupational information field

Senate Bill #2037 (Quayle) Title II Part D	Proposed Alternative Language	Comments
Sec. 232. (c) The Secretary and the Director of the Office of Management and Budget shall assure that, from funds reserved for this part, sufficient funds are available to provide staff at the Federal level to assure the coordination functions described in this section.	(b) The Committee is authorized to appoint and fix the compensation of such staff and arrange for such administrative services as deemed necessary. Administrative authority shall be exercised jointly and co-equally by all members of the Committee	NOICC administrative arrangements. (Alternative language could copy the provision for the National Commission for Employment Policy in CETA Section 504 (a) (2).)
	Add (c) All funds available to the Committee under this Act, under the Vocational Education Act, and under Section 12 of the Career Education Incentive Act may be used in carrying out any of its functions and responsibilities authorized by law.	Permits flexibility in use of funds.
	Add (d) The Secretary shall transfer to the Committee from the funds provided under Section 302 (a) (5) of this Act, an amount not less than six million dollars for each fiscal year.	Assures funding for NOICC/SOICC.
STATE LABOR MARKET INFORMATION SYSTEMS Sec. 233. (a) In order to be eligible for Federal financial assistance, under this part, the Governor shall— (1) designate an organizational unit responsible for oversight and management of a statewide comprehensive labor market/occupational supply and demand information system; (2) design a comprehensive cost-efficient labor market/occupational information supply and demand system which—	STATE LABOR MARKET AND OCCUPATIONAL INFORMATION SYSTEM (a) In order to be eligible for Federal financial assistance, under this part, the Governor shall certify adherence to National Occupational Information Coordinating Committee guidelines (see Education Amendments of 1976) in the establishment of a State Occupational Information Coordinating Committee (SOICC) which shall: (1) Coordinate the design and implementation of a comprehensive occupational information system which provides occupational supply and	Continues existing State role of Occupational Information Coordinating Committees

Senate Bill #2037 (Quayle) Title II Part D	Proposed Alternative Language	Comments
Sec. 233. (a) Cont'd. (A) is responsive to the economic demand and educational training supply support needs of the State and areas within the State, and (B) meets the Federal standards under Chapter 35 of title 44 of the United States Code and other appropriate Federal standards established by the Bureau of Labor Statistics;	demand information for the State and sub- State areas, uses cost-effective methods of information development and delivery, and is responsive to economic development, education and job training program needs of the State; (2) coordinate the dissemination of occupational information and individualized career information to State agencies, area public agencies, and private not-for-profit users, and individuals in the process of making career choices.	
	Add (b) The Governor shall designate the recipient of career information delivery funds transferred by the NOICC to the State.	Governor has choice of delivery agent for career information.
(3) Standardized available Federal and State multiagency administrative records and direct survey data sources to produce an employment/economic analysis published set of projections for the State and designated areas within the State which, at the minimum, includes— (A) identification of geographic and occupational areas of potential growth or decline; and (B) an assessment of the potential impact of such growth or decline on individuals, industries,	(c) It shall be the responsibility of the State Employment Security Agency to produce an employment and economic analysis containing a published set of projections for the State and designated areas within the State, which, at the minimum includes— (1) identification of geographic and occupational areas of potential growth or decline; (2) an assessment of the potential impact of such growth or decline on individuals, industries and communities, and	

Senate Bill #2037 (Quayle) Title II Part D	Proposed Alternative Language	Comments
Sec. 233. (3) Cont'd. and communities, including occupational supply and demand characteristics data;	(3) current and projected occupational demand information for use in the occupational information system under Section 233(a).	
	(d) The system under Sec. 233.(a) and the analysis required under Sec. 233. (c) shall be used by States and by area entities to contribute to carrying out the provisions of this Act, the Vocational Education Act of 1963, and the Act of June 16, 1963 (popularly known as the Wagner-Peyser Act.) (e) The Secretary shall reimburse the States the costs of carrying out the provisions of Section 233.	
(4) Assure, to the extent possible, that— (A) automated technology is used by the State. (B) administrative records have been designed to reduce paperwork, and (C) multiple survey burdens on the employers of the State have been reduced;		
(5) publish and disseminate labor market/occupational supply and demand information and individualized career information to State agencies, area public agencies, and private not-for-profit users, and individuals in the process of career decision choices; and	See proposed Sec. 233. (a) above.	Already included in proposed alternative language.

Senate Bill #2037 (Quayle) Title II Part D	Proposed Alternative Language	Comments
Sec. 233. (a) Cont'd.		
(6) Conduct research and demonstration projects designed to improve any aspect of the statewide information system.		
(b) (1) The analysis required under clause (3) of Subsection (a) shall be used by States and by area entities to contribute to carrying out the provisions of this Act, the Vocational Education Act of 1963, and the Act of June 6, 1933 (popularly known as the Wagner-Peyser Act.)	See proposed Section 233 (d) above.	Already included in proposed alternative language.
(2) The assurance required by clause (4) of subsection (a) shall also include that the State will, to the maximum extent possible, assure consolidation of available administrative oata and surveys to reduce duplication of recordkeeping of State and local agencies, including secondary and postsecondary educational institutions.	Delete This item is included in proposed Section 233 (f) above.	Redundant
(3) If any Federal funds are used to carry out clause (6) of subsection (a), access to and information of the results will remain in the public domain.	No Change (h) If any Federal funds are used to carry out clause (g) of Sec. 233, the results will remain in the public domain.	No Comment

Senate Bill #2037 (Quayle) Title II Part D	Proposed Alternative Language	Comments
Sec. 233 Cont'd.		
(c) The Secretary shall reimburse the States the costs of carrying out the provisions of this section, but the aggregate reimbursements in any fiscal year shall not exceed the amount available under this part of this Subsection.	Delete See proposed language included in 233.(e)	Authorizes reimbursement of States for Section 233.
(d) No provision of this part or any other provision of Federal law shall be construed to prohibit the State the right to combine, consolidate, or otherwise alter Federal administrative management information reporting requirements relating to employment, productivity or training, if notice is transmitted by the Governor to the head of each appropriate Federal and State agency responsible for the laws governing the Federal reporting requirements. The notice shall specify the intent to combine, consolidate, or alter such requirements. The head of each appropriate Federal agency shall approve the combination, consolidation, or alteration unless, within 60 days after receiving the notice, the Federal agency can show the combination, consolidation, or alteration will not meet the essential purposes of the affected Federal law. Any adverse decision by the head of a Federal agency may be appealed to the Director of the Office of Management and Budget who shall decide the matter within 60 days after the appeal is made.	Delete	This could lead to erosion of data comparability in labor market and occupational information.

Representative **Hawkins**. Miss Sunley.

Ms. **Sunley**. Thank you, Chairman Hawkins, and thank you very much for the accommodation on your schedule. I want to also express my appreciation for the opportunity to testify on behalf of Governor Brown of California.

Job training is an especially high priority for Californians. We would like to emphasize that effective job training not only helps people obtain and keep jobs, it insures a workforce necessary to attracting new industries and more jobs. We are optimistic that the new job training bill can move us in the right direction, that it can provide California and the Nation with the elements necessary to train workers for the future and help insure our economic well-being.

Job training must focus upon jobs that exist and will continue to exist in the coming years. This means gearing employment and training to the Nation's expanding economic sectors, with the full participation of business and labor. Our society is undergoing a transition to a technological and information-based society that is reshaping our Nation. Business Week has estimated that 45 million existing jobs will become obsolete, most in the next 20 years. Xerox has predicted that 60 million Americans will be linked to electronic work stations by 1995, and that 36 million workers will need to be computer literate. The Japanese, with half our population, turn out more electrical engineers than we do. Students in Japan study three times more math and science than their counterparts in this country.

The employment and training system must be able to respond to all of these demands. As we embark on an industrial policy which accelerates industrial change in order to meet international competition, and well we must, we should acknowledge that old skills must be discarded and new skills developed.

This entire issue is, of course, national in scope. Therefore, the Federal Government has the responsibility for insuring that the employment and training system respond to such national problems. The Federal Government should provide sufficient funds to meet a basic level of employment needs. The national job training legislation should insure a nationally uniform and equitable response to these needs.

We must also address the issue of what role the State will play in the new job training program. For there to be a coherent investment policy in the Nation's overall economic strength, each State must have the authority to develop its own employment and training program in order to react to the conditions of its own economy. We believe that the State is in the best position to coordinate the development of the new employment and training delivery system, in partnership with local government and other entities. The State is the governmental entity that can quickly target resources to address critical economic issues that cross local jurisdictional boundaries. Such critical issues include:

Industrial and technological changes, economic disturbances, such as plant closures, population changes, such as the influx of refugees.

Within this context, that the State have the authority to develop its own employment and training program, the national job training bill must include several key elements. These include:

Program flexibility. The legislation should provide for maximum flexibility in eligibility requirements in order to address differences in State and local economic and demographic makeup. Prescriptive legislation which restricts target groups and eligibility requirements hampers State and local delivery of services.

The legislation should also require coordinated planning, bringing the major service providers together to plan jointly as equal partners. We do not believe that one level of government can or should do the planning for another. Each existing employment and training entity should prepare its own plan and coordinate its plans and services with others in an integrated process.

The legislation should also address a strong publicly supported labor exchange. This Nation cannot afford to abandon the 40 years of Employment Service experience that matches people with jobs, produces critical local and statewide labor market information, and provides for effective development of our human resources through occupational assessment, counseling, referral to training, and job placement.

Last, I would like to briefly refer to a program that I know Chairman Hawkins is familiar with, and that is the California Worksite Education and Training Act. This is a program that is based on the notion that business must work together with labor, government, and education to solve our common social and economic problems. Instead of involving just a small portion of the employer community who may be willing to sit on a council, CWETA attempts to directly involve the employer in the training process.

There are several features of CWETA that I think could be recommended as parts of a national employment and training program. Four features of that program I would like to suggest be further emphasized in the legislation that you are considering.

First, that training be for skills of demonstrated need.

Second, that there be front-end coordination among all the affected parties, including private employers, governmental officials, labor, the employment service, local training institutions and the like.

Third, that there be firm advance employer commitment to hire or promote participants who successfully complete the training program, wherever possible.

Last, that the training be for good jobs with a future.

Thank you very much.

[The prepared statement of Governor Brown and issues statement of the Employment Development Department, State of California follow:]

TESTIMONY

ON BEHALF OF

EDMUND G. BROWN JR., GOVERNOR

STATE OF CALIFORNIA

TO THE

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

OF THE

HOUSE EDUCATION AND LABOR COMMITTEE

AND THE

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

OF THE

SENATE LABOR AND HUMAN RESOURCES COMMITTEE

WASHINGTON, D.C.

MARCH 16, 1982

Introduction

We in California feel that in these next few months the Congress can help enact a new national job training program to invest in the future - a program which can invest in both people and technology to assure America's economic health and preeminence in the 1980's and 90's, and into the 21st century. Job training is an especially high priority for Californians. We would like to emphasize that effective job training not only helps people obtain and keep jobs, it ensures a workforce necessary to attracting new industries and more jobs. We are optimistic that the new job training bill can move us in the right direction--that it can provide California and the nation with the elements necessary to train workers for the future and help ensure our economic well-being.

However, we are also concerned - we are concerned because of the present economic climate and the apparent lack of will and imagination in Washington to improve that climate.

This is the climate that we see - Millions of Americans are out of work. Millions are not counted in the unemployment statistics because they are too discouraged to even look for work. The nation is experiencing an unprecedented number of plant closures. A serious shortage of skilled workers in new high technology industries threatens America's current technological preeminence. The nation's youth are not being provided the necessary math, science, and communication skills to prepare them for the increasingly technical jobs of the 1980's and beyond. Our vocational education programs are not providing the appropriate retraining and upgrading opportunities to meet labor market demand. Too many of our citizens, particularly the poor, minorities, and the disabled, are forced into a second class economy where a "good" job is one that pays a minimum wage...if a job is available at all.

That is our present situation. And instead of economic strategists who would invest in the future, we find budget cutters whose strict emphasis on numbers often overlooks the point - that millions of peoples' lives are affected by those budget cutting decisions. The principal initiative of the new administration in the job training area has been to cut the nation's major employment and training programs by more than half. And what has been accomplished? The rising number of unemployed persons provides a clue.

Nonetheless, we are optimistic. We are optimistic that we can invest in the future, revitalize our economy, and put unemployed Americans back to work.

Job training must focus upon jobs that exist and will continue to exist in the coming years. This means gearing employment and training to the nation's expanding economic sectors, with the full participation of business and labor. Our society is undergoing a transition to a technological and information-based society that is reshaping our nation. Business Week has estimated that 45 million existing jobs will become obsolete, most in the next 20 years. Xerox has predicted that 60 million Americans will be linked to electronic work stations by 1995 and that 36 million workers will need to be computer literate. The Japanese, with half our population, turn out more electrical engineers than we do. Students in Japan study three times more math and science than their counterparts in our country.

Rather than retrenchment, we need a push rivaling that of the post-Sputnick era to provide research and technological literacy - more math, science, and computer instruction. We need the three C's - computing, calculating, and communicating through technology - to augment our traditional concerns for the three R's. We must also undertake a major retraining effort to equip workers for the surging high-technology industries. Importantly, providing trained workers for the jobs of the future will involve job training strategies which go beyond strict jurisdictional bounds - education at all levels, especially vocational education, must be closely involved in meeting the challenge.

The employment and training system must be able to respond as well. As we embark on an industrial policy which accelerates industrial change in order to meet international competition - and well we must - we should acknowledge that old skills must be discarded and new skills developed. We, therefore, need to target our resources on training the workers of the future. Overall economic policy and employment training policy cannot be separated, and we offer our suggestions on the proposed job training legislation with that premise.

In order to meet this challenge, we must have the tools necessary for an overall policy of investment in economic strength - an investment in people, in technology, and in the jobs of the future. This calls for a clear understanding of both the federal and state role in administering the employment and training system.

Federal and State Responsibility

This entire issue is, of course, national in scope. Therefore, the federal government has the responsibility for ensuring that the employment and training system respond to such national problems. The federal government should provide sufficient funds to meet a basic level of employment needs. The national job training legislation should ensure a nationally uniform and equitable response to these needs.

We must also address the issue of what role the state will play in the new job training program. For there to be a coherent investment policy in the nation's overall economic strength, each state must have the authority to develop its own employment training program in order to react to the conditions of its own economy. We believe that the state is in the best position to coordinate the development of the new employment and training delivery system, in partnership with local government and other entities. The state is the governmental entity that can quickly target resources to address critical economic issues that cross local jurisdictional boundaries. Such critical issues include:

- Industrial and technological changes (such as skill shortages in new technologies in the electronics, aerospace, computer, machinist, and nursing fields).
- Economic disturbances such as plant closures.
- Population changes such as the influx of refugees.

Each state will have its own critical needs, emerging industries, unique labor market areas, and the like. Each state must have, therefore, the ability to allocate training resources appropriately.

Within this context - that the state have the authority to develop its own employment and training program - the national job training bill must include several key elements. These include:

- Program Flexibility. The new employment and training legislation must address the needs of all client groups who are experiencing difficulty in the labor market. The legislation should provide for maximum flexibility in eligibility requirements in order to address differences in state and local economics and demographic makeup. Prescriptive legislation which restricts target groups and eligibility requirements (in fact, too prescriptive legislation as a whole) hampers state and local delivery of services. The new legislation must include the flexibility to provide major upgrading and retraining opportunities to the economically disadvantaged and the displaced worker with obsolete or marginal skills. Eligibility requirements should also be flexible enough to address significant target groups who, although not necessarily at the poverty level, are experiencing major barriers to employment such as recently discharged veterans, the non-English proficient, the older worker, the displaced homemaker, the disabled, the displaced worker, and the ex-offender.

Coordinated Planning. The legislation should also require coordinated planning, bringing the major service providers together to plan jointly as equal partners. We are currently developing mechanisms in California to facilitate such intergovernmental/agency/departmental planning and coordination (see attachments). We do not believe that one level of government can or should do the planning for another. Each existing employment and training entity should prepare its own plan and coordinate its plans and services with others in an integrated process. The state should then allocate funds in response to the coordinated planning effort.

- Labor Exchange. The legislation should address a strong publicly supported labor exchange. This nation cannot afford to abandon the 40 years of Employment Service experience that matches people with jobs, produces critical local and statewide labor market information and provides for effective development of our human resources through occupational assessment, counseling, referral to training, and job placement.

Indeed, for each state to be successful in developing an effective employment and training program, the preceding requirements - state authority, program flexibility, coordinated planning, a strong labor exchange - must be buttressed by federal responsibility for an overall employment and training policy, supported by adequate appropriations to the states and support services such as labor market information, multi-state programs, demonstration programs and technical assistance.

In California, we have developed strategies to link investment policies with employment and training programs and initiatives to prepare for the jobs of tomorrow. We feel it is now time to extend these program models to the national level for inclusion in the new job training legislation.

Employment-Based Training

We have developed a program called CWETA. With CWETA, the California Worksite Education and Training Act, we train the unskilled for unfilled jobs. This new approach to job training, "employment-based training," is key to linking economic policy with employment and training policy.

CWETA is based on the notion that business must work together with labor, government and education to solve our common social and economic problems. Instead of involving just a small portion of the employer community who may be willing to sit on a council, CWETA attempts to directly involve the employer in the training process. CWETA has adopted four basic principles.

First, business must decide what jobs we will train to fill. We ask the business executive, the small businessman, and the personnel manager what jobs they need to fill today and in the near future.

Second, we train only for jobs with a future; jobs that not only put people to work but at a level where they have a chance for a decent living and a career.

Third, we train on the job whenever possible. We believe that employment itself is one of the most effective forms of training for a job. CWETA's system of training is based on the apprenticeship model. Like apprentices, CWETA participants progress on the job through increasingly complex instruction from supervisors and other fully skilled employees. After regular work hours, CWETA participants, like apprentices, attend classroom training programs in local schools or community colleges that are specifically related to the skills learned on the job. Sometimes, the employer helps prepare the curriculum and occasionally provides staff to assist in the training. This is the kind of business, labor and education linkage that is needed in future employment and training programs.

Finally, CWETA establishes a strong relationship between the participant and the employer before the training takes place. In most cases, employers provide commitments to hire if the participant completes the training.

CWETA is training for a real job for an employer who needs skilled workers. It is training for a job with a future and training that is based on work, not school. It is a program in which everybody - employers, schools, unions, employees, and the state - contributes and works together. It is an approach to job training that is working in California. It is a real solution to a real problem. It is a model for building the nation's human capital and we recommend it to you.

CWETA is a highly effective model for the concept of employment-based training. However, employment-based training can take other important forms, as well. For example, employment-based programs, similar to a present Republic of German model, might involve a consortium of small employers who have a common need for workers with a similar core of skills. Employers in the consortium would help develop training for workers to meet these skill needs, with a heavy emphasis on employment-based training. Or a consortium of aerospace firms might pool to train workers in technical and para-engineering areas, hiring graduates as they acquire the necessary skills.

A related model is found in the highly successful California Youth Employment Program. This state legislation has enabled us to test models not allowed under federal regulations. We have implemented variations on traditional on-the-job training, including (a) 100 percent reimbursement to employers and (b) an initial 100 percent reimbursement rate with a declining percent thereafter. The California Youth Employment Program also allows for work experience in the private sector, and for the first time in some of the projects we also incorporated short-term "job trials" in the private sector.

"Job trials" are a form of private sector work experience which allows youth and employers to try each other out without cost to the employer and without commitments by either party. Importantly, over 50 percent of the employers wind up hiring the youth at the end of the trial period. One of the major factors contributing to the high rate of entered employment in the California State Youth Program is the flexibility in the state legislation that allows for close ties with the private sector.

While CWETA might be cited as the prototype for effective employment-based training, we also recommend programs such as the California Youth Employment Program as good approaches to link more closely the employment training community with the employer community, a combination necessary for future job training programs. These two examples - CWETA and the California Youth Employment Program - point to a real potential for effective investment - making the essential link between employment and training programs and economic policies. These are models which work well and which should receive federal funding assistance to expand their use.

Other Investment Strategies

Other initiatives can be taken to link economic policy with employment and training policy. For example, in California, we have proposed the investment of pension funds in economic development and high growth industries to facilitate the creation of new, stable employment. Also, it may be in the national interest to shift outlays from income maintenance to human reinvestment, with a particular focus on training and retraining. One way to accomplish such a shift is to consider an alteration in the unemployment insurance system by creating a two-tiered benefit structure, with the higher tier becoming a training stipend. A stable fund to ensure training, retraining, and employment would be the result.

In California, our success with Work Sharing Unemployment Insurance, a program which prevents layoffs through reduced workweeks and partial payment of unemployment insurance to involved workers, has led us to believe that such reinvestment in support of employment can and does work.

California Initiatives

We feel it is necessary to emphasize such investment in economic strength - to urge that there be no limit to our ingenuity and will - in order to help move this country into the 21st century. California, is a case in point. Nearly 40 percent of California's jobs in the next decade will depend directly or indirectly on high technology related industries. Thus, our prosperity, even our economic survival, depends on our will and ability to invest in people, in technology, and in the jobs of tomorrow.

In California, we have undertaken certain initiatives to move us in this direction. We feel that these initiatives might serve as models for national employment and training strategies, as well. For example, we established a California Commission on Industrial Innovation last year. This Commission is composed of prominent business, labor, and academic leaders whose mission it is to chart the economic growth in the state, particularly in the area of high technology. As one of its priorities, the Commission has underlined the development of a work force to meet the demands of the new and emerging growth industries.

In addition, special funding is proposed in the 1982-83 State budget for the California Worksite Education and Training Act (CWETA). We are also seeking additional financial support for vocational education through community colleges and adult education programs to prepare men and women for the new information-based jobs of the '80's. The goal will be to provide effective, employment-based training leading directly to jobs.

Similarly, we have included in the 1982-83 budget special funding to ensure that California high school students develop necessary technological literacy, including learning at least three years of mathematics and two years of science, as well as increased support for our university systems for engineering, computer science and related science instruction.

We have also proposed funding for several business/labor councils to serve in conjunction with government as tripartite models for the review of vocational training to assure its responsiveness to current and future labor market needs. These councils, working with a vocational training provider, will:

- identify occupational skills and training necessary to meet employer needs;

- identify curricula changes needed to provide employment-based occupational training; and

- secure changes needed to strengthen vocational training, enhance the amount of actual employment-based training, and increase the job placements which result from effective vocational education and training.

Each council will be composed of representatives from industry, labor, local government, educational agencies, and employment and training providers. Each council will include a balanced representation from business, labor and government.

Labor Protections

We have emphasized the co-equal participation of labor in this approach to business/labor councils in California. We urge the full involvement of labor in developing employment and training programs. Such participation will help guarantee that training programs impart job-related marketable skills.

Similarly, labor protection found in the current CETA law must be retained in the new legislation. This includes various wage and benefits standards and appropriate health and safety conditions. The current Administration's emphases on private sector initiatives and increased private sector participation in employment and training requires a balanced participation by labor for success.

Conclusion

The road ahead of us is clear. The job training legislation which you enact must respond to economic realities and must reflect a clear economic policy. We have stated what we in California think that policy should be - it should be a policy of investment, an investment in people and technology. The employment and training system framed within this policy should train people for the jobs that will exist in the 1980's and 90's and into the 21st century.

We have also stated how we feel the new job training bill should be ordered to ensure that it is framed within this policy - the legislation should require federal responsibility for a nationally uniform and equitable employment and training system. It should ensure that each state will have the authority and means to develop its own employment and training program, while providing for a partnership with local government. It should promote employment-based training. And it should provide for a business and labor balance in the employment and training system.

We feel that these are the elements which can assure success for the new job training bill and the employment and training system it structures. There are numerous other issues which we believe are particularly significant and which we have commented on in detail in the appendices to this testimony.

The stakes are high and the hour is late, but we are confident that this Congress can provide the nation with legislation built upon a valid economic policy for investing on our future, which, simply put, is investing in America's strength - its people.

Appendices

I. Issues Statement by the California Employment Development Department.
II. Issues Statement by the California Department of Education.
III. Issues Statement by the California Department of Rehabilitation.
IV. The Intergovernmental Planning Group Position Paper Toward an Integrated Service Delivery System.

APPRENDICES I

ISSUES STATEMENT
OF THE
EMPLOYMENT DEVELOPMENT DEPARTMENT
STATE OF CALIFORNIA
IN SUPPORT OF
TESTIMONY
OF
EDMUND G. BROWN JR.
GOVERNOR
STATE OF CALIFORNIA
BEFORE THE
JOINT HEARINGS OF THE
HOUSE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
AND THE
SENATE SUBCOMMITEE ON EMPLOYMENT AND PRODUCTIVITY
MARCH 16, 1982

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THE EMPLOYMENT DEVELOPMENT DEPARTMENT PERSPECTIVE

Man has often done things before he knew how. Bridges were built before there was an understanding of the stresses upon materials in that kind of structure. But man is convinced that he can learn from past experience and build better bridges in the future. We, in the publically supported employment and training system, are at that time in history when we have been building bridges between people and jobs for almost half a century and now have the experience and results of past efforts to draw upon in building newer bridges between people and jobs.

The following positions and critique of the provisions in the various employment and training legislation bills before Congress are offered from the perspective of experience gained in administering the California State Employment Security Agency, California Balance-of-State CETA program, and the California CETA Governor's Grant program. We also administer the Work Incentive Program (WIN), the Unemployment Insurance (UI) Program, and the statewide Labor Market Information (LMI) system. Deliberations on the legislative proposals drafted to replace the Comprehensive Employment and Training Act afford us the opportunity to determine how we can best continue to provide services but improve the system where there are deficiencies. Looking back on the years of experience, experimentation, and evaluation of results, we recommend the following points for your consideration.

THE STATE ROLE

We have learned that needs for employment and training services often cross local jurisdictional boundaries as do the problems which require corrective action. Workable solutions are more likely to be developed at a level of administration that is not hampered by confining boundaries. A prime example of an employment and training problem that crosses jurisdictional boundaries is that of the closing of a plant. The shift in economic conditions which accounts for the closing usually is based on general factors outside the jurisdiction. Affected workers often reside elsewhere and jobs to which affected workers could transfer their skills may be in yet another jurisdiction. We see a compelling need for all the agencies which engage in the planning and delivery of training and employment services to work closely to avoid duplication and overlap and coordinate service delivery among themselves so that scarce resources are better utilized in preparing and aiding people to get jobs.

We, therefore, recommend that:

- Principal authority and responsibility for employment and training programs be assigned to the Governor of each state and, in conjunction with such entities as are prescribed in State law, the Governor be empowered to delegate authority to legislatively prescribed service delivery entities;

- Principal authority and responsibility for the planning and delivery of training services to meet local needs be assigned to appropriate agencies and legally constituted bodies in the local service delivery area;

- State-level planning be required to assess statewide needs and identify program priorities through the development of a State Employment and Training Plan and through evaluation of local plans;

- Coordination of planning at the State-level for service delivery among employment and training and other human service and related agencies be mandated and participants include not only the Employment Service, Vocational Education, the welfare agency and the economic development agency but also Vocational Rehabilitation, Older Americans programs, State Institution programs (e.g., Corrections, State Hospitals), other programs that support employment among target populations, such as programs that provide child care and transportation, and employment-related tax incentive programs; and

- Approval of local plans be assigned to the Governor to ensure the plans' conformity with statewide needs and priorities.

The State should continue to have the responsibility to:

- Administer the labor exchange function through a statewide, uniform network of locally based offices;
- Collect and disseminate labor market information and promote its use by state and local employment and training planners;
- Monitor and evaluate program delivery;
- Provide technical assistance and training to service deliverers;
- Promote the development of programs based on successful demonstration models;
- Administer programs which respond to statewide and critical needs; and
- Allocate resources to support these functions based on statewide planning and priorities.

We see the need for a stronger State role than that presently in statute. We have done much to develop workable State-level planning and coordination arrangements and to utilize available resources to support these efforts. The next logical step is to provide for these arrangements in legislation. While incentives are useful for promoting planning and coordination, we think assigning these functions to the Governor and providing the resources to perform the functions is most likely to strengthen the role of the State and ensure that program planning and coordination continue to develop among all employment and training service deliverers.

The provisions in HR 5320 for joint planning and coordination most closely resemble the arrangements we think will foster improved statewide planning and the development of programs to meet States' priorities yet encourage locally based programs to meet local needs. We recommend that the provisions in this bill be strengthened by:

- Requiring the local service delivery area plans (Section 104(a)) be approved as part of the State Plan for Employment and Training;
- Requiring that each local service delivery area plan contain evidence of coordination with other agencies who deliver training and employment related services with incentives to those local service delivery areas that develop a joint plan with other Federal employment and training programs.

DESIGNATION OF SERVICE DELIVERY AREAS

Effective integration of service delivery requires recognition that the problems with which the employment and training system must deal are most meaningfully approached from the vantage of labor market areas. Labor market areas are rarely confined to or consistent with the jurisdictional boundaries of cities or counties. For example, large metropolitan areas such as Los Angeles, California, are made up of several substantial jurisdictional areas with overlapping labor market areas. The use of political boundaries tends to fragment the delivery of services in a labor market area. Although CETA Prime Sponsors can earn substantial bonuses by forming consortia, few consortia have been formed in California and even fewer have survived.

We recommend that:

- The Governor have the flexibility to designate regional labor market service delivery areas that could be formed to better serve the population.
- The stipulations as to size and composition of local service delivery areas be flexible to allow for the development of service delivery areas that best suit local needs.

THE ROLE OF THE PRIVATE INDUSTRY COUNCIL

We support the principle of an increased role for the private sector in the employment and training system. A truly effective employment and training service delivery system must work in close partnership with the private sector because: (1) as we enter an era of shrinking government resources and fewer public sector jobs, most job opportunities are in the private sector, and (2) the private sector knows best what kinds of training will prepare workers for available jobs.

This partnership with the private sector, begun under CETA, must be developed at the local level with the local private sector representatives. However, the feasibility of the private sector taking on the responsibility to manage or operationally control a training delivery system may vary considerably with the private sector entity in question.

The goal for a training system that we all agree on simply stated is: we want to train unemployed individuals for jobs in the private sector in occupations for which there is a demand. Employers are best informed regarding occupations in their own industry. Not only are they aware of openings for which skilled workers cannot be found; they know the array of skills required of those occupations and are best suited to define the training components required to master those skills.

In California we have tested the concept of involving the private sector in job training in the California Worksite Education and Training Act (CWETA). CWETA recognizes the particular expertise of employers and draws upon it to forge effective programs by asking employers to define their training needs and help develop training to meet those needs. The employer is then involved in each critical phase of program development, from design, through implementation, to evaluation. Finally, CWETA does ask the private sector to be the ultimate test of the plan by agreeing to hire those that they plan to train.

However, private sector involvement is not the only factor which accounts for the success of CWETA. It is the mix of factors such as coordinated planning with educational agencies, the local employment service, labor unions where appropriate, and representatives of the Prime Sponsor; the commitment of resources by all entities involved; and the commitment to hire the trainees made by the businesses which plan the training.

The concept of the PIC (Private Industry Council) was first made operational in the CETA legislation of 1978 to increase the involvement of the business community in employment and training activities under CETA. The council was required to participate with the Prime Sponsor in the development and implementation of programs. As an advisory board and as an ongoing linkage with the private sector it has served the system well. Experience, however, is limited both for some PIC organizations themselves, their members, and other public and private entities who have worked with them. The proposals before us call for expanding the authority of the PIC and giving the body of appointed individuals powers and responsibilities far greater than those previously exercised by even experienced PICs.

Therefore, while we laud the effort in these proposals to increase the role of the private sector in developing the plans for employment and training programs that will put unemployed people to work, we feel that giving the PICs this sole responsibility may not produce the outcomes desired and may burden an inexperienced mechanism with functions it is not prepared to assume.

Our experience and success with involving the private sector in the coordinated planning and development of training programs through CWETA convinced us that the time had come to test the concept and the mechanism in California of a Business Labor Education Training Council that is the forerunner of the type of service delivery area council envisioned in all the legislative proposals before Congress. In California, five councils with members appointed by the Governor will be established by October first. The model councils will pull together for the first time on one council private employers, vocational educators, labor representatives, the employment security agency, and representatives of the Prime Sponsor and PIC, and give them the authority to utilize resources to bridge the gap between vocational education and job openings requiring skilled workers.

We urge that legislation provide for testing this and similar models of service delivery area councils before the composition, method of appointment, powers, and liabilities are mandated. We think it critical to proceed through this developmental phase as we are doing in California to preclude the employment and training system of our Nation attempting to function with an unworkable mechanism.

Nevertheless, we acknowledge the immediate need for an intensification of the private sector's role such as that developed in the CWETA model in California. Therefore, in the national legislation we recommend that:

- The service delivery area council be composed of a majority of representatives from the private sector, including representatives of large and small business and labor; and the remainder of the representatives be from units of general local government, educational agencies, economic development agencies, the Employment Service, and community based organizations.
- The service delivery area council be recognized as the appropriate mechanism for the development of a partnership between the private sector and the employment and training delivery system. To that end the service delivery area council may:

  --Assess training programs in operation for suitability in preparing people for jobs and recommend changes.

--Propose plans for the development of new training programs.

--Recommend specific course content for training curriculum.

--Secure agreements among service providers in the local service delivery area to participate in a program.

--Secure the cooperation and commitment of resources of entities represented on the service delivery area council in the operation of training programs.

--Test the suitability of training to meet the labor market needs of the area by securing commitments from the private sector to hire those trained in the proposed programs.

--Maintain contact with the statewide planning/advisory mechanism.

--Provide a public forum for consideration of local needs for employment and training programs.

--Make recommendations to the local service delivery agent for cooperative arrangements with the private sector.

--Assume administrative responsibilities for program implementation if such authority is deemed appropriate and approved in the State Employment and Training Plan.

--Approve the employment and training plans of the local service delivery area.

THE ROLE OF THE EMPLOYMENT SERVICE

On June 6, 1933, Congress approved the Wagner-Peyser Act "to promote and develop a national system of employment offices". Under authority of this Act, there has been an organization, now known as the Job Service, building bridges between people and jobs for almost half a century. In the process of analyzing the components of a national employment and training system in preparation for enacting legislation to replace CETA, it is entirely appropriate that the relationship of the Job Service to the entire system come under scrutiny.

Any employment and training system of the future will sooner or later evolve an organizational entity which can respond quickly to national and state priorities through locally based offices, provide a communication flow between the local and national levels, and respond to needs for programs that cross intra- and interstate boundaries. We think the most cost effective method for the development of such an organization is to use the inplace structure and process which performs these functions now, the Job Service, but change, replace, or strengthen functions where appropriate to interact with new entities or objectives of the employment and training system.

Over the years, the Job Service has provided a nationwide, uniform delivery system for an array of labor exchange services in small as well as large labor markets, served as an indispensible channel through which new programs and new approaches to employment service delivery have been uniformly and universally implemented, and responded to critical needs of the Nation in such extreme circumstances as war. We are now in an era of needs less extreme but nevertheless critical as our Nation faces the challenges of unemployment and rapid change to a high technology based economy. We think it is essential that this nationwide network of readily identifiable offices, responsible for employment security and labor exchange services, remain a separate but integral component of the employment and training system administered by the states in partnership with the Federal government.

In addition to its role in the employment and training system, the Job Service, as a State administered entity, plays a vital role in the employment security system in administering the work test for the Unemployment Insurance (UI) program. The Job Service in California in partnership with the Unemployment Insurance program has built on this role in developing innovative uses of unemployment compensation that support employment and productivity. Two such alternative programs now underway in California are: Work Sharing UI, which helps avert layoffs by paying prorated benefits for a limited period of time to workers whose employers have reduced their workweek, rather than lay off employees; and a new program that allows laid off workers with obsolete skills to receive benefits while being trained in demand occupations. Bifurcation of the administration of Job Service and the Unemployment Insurance programs would weaken the employment security system and make continuing coordination difficult.

A labor exchange is the core of any employment and training system, serving as an essential bridge between employment services and training and the dynamics of the labor market. The Job Service, performing the labor exchange function, augments other local employment and training efforts. At the same time, because it is a State-level agency, it retains its ties to the state's economy and to other service and governmental entities that deal with that economy.

It is by virtue of its position within state government and its statewide network of locally based field offices that the state labor exchange is able to collect, consolidate, analyze and disseminate labor market information and to mobilize local, state and national services in response to critical conditions disclosed by that information. Plant closures on the one hand, and expanding industries on the other are often of such a character. In California, we are responding to these conditions with a comprehensive range of services that rely upon the pre-existence of a statewide labor exchange network. It is through this network that we are able to indentify areas suffering shortages of skilled labor and to provide transportation to them for workers whose skills are surplus in their own labor market areas. The Job Service can respond to these critical events that impact areas which are geographically broader than political jurisdictions or predesignated labor market areas with comprehensive rather than piecemeal approaches.

In performing the labor exchange function, the Job Service best serves all job seekers, including the less fortunate, as well as the employer because the Job Service offers a range of services to all categories of job seekers and takes and fills job orders for all types of occupations. The Job Service does not ask where you live, how much money you have made in the last year, how old you are, or how long you have been unemployed before they can offer employment services. The Job Service offers a range of services to all applicants including individualized application review, direct referal to job opening, employment counseling, testing, job development, job search workshops, and referral to other services and training agencies, if appropriate.

Any training program must be linked with the labor market and through the Job Service this function can be performed efficiently and effectively. Candidates for training must be screened and referred to appropriate training programs. Often a person who has finished a training program still needs employability related services such as job search skills, interviewing skills, and a ready source of job openings. The Job Service has years of experience determining the level of need for and providing these services.

The Job Service's unique relationship with the employer community, because of the continuous contact in daily operation, provides an essential link with the private sector. The Job Service is often the agency that first knows of a significant lay off, of the opening of a new plant or business, or of a change in the type of skills that employers are seeking. The Job Service's link with the private sector is a role which has been important in the labor exchange function and can be further enhanced by integration of the Job Service in planning for the local service delivery area. In California, one major effort that has been in effect for several years is the Employment Development Department's (EDD) system of "bottom-up planning" to provide for more integrated planning for employment and training needs of local communities. This system requires Job Service field office managers to involve other local organizations providing employment and training services such as schools, State agencies, CETA Prime Sponsors, apprenticeship programs, or community-based organizations in the EDD planning process.

The comprehensive planning process provides for local Job Service office managers to serve as initiators of a joint "bottom-up" planning process linking Employment Development Department services with those of other local employment and training providers. Under comprehensive planning, Job Service field office managers, who are knowledgeable of their community needs, determine the most efficient use of available resources to meet the employment and training needs of the community. Such planning permits local flexibility so that local offices can directly respond to local economic conditions and labor market needs. Local plans thus developed are rolled up into a statewide plan for service delivery which is consistent with state and national priorities. Thus essential links with the local employment and training system and the private sector are fostered and maintained in a network that ties into a nationwide system.

While we are in accord with the effort to more closely knit the threads of the employment and training fabric of our nation, we urge that caution be exercised to avoid cutting the thread that is the national employment security system into little pieces. We recommend that:

- The state administered network of locally based Job Service offices be retained as an essential component of an employment and training system.
- Local service delivery area council membership include the Job Service.
- Local service delivery area plans show evidence of coordinated planning among all employment and training service deliverers including the Job Service.
- Local service delivery area plans provide for nonduplication of functions within a service delivery area and that the Job Service perform the labor exchange function.
- Job Service funds be allocated to states based on indicators of need with a small percentage reserved for performance incentives.

- Job Service funds be allocated to substate areas by the responsible state agency based on a state plan which incorporates local plans developed at the local level.

- The state administering agency of the employment security system be responsible for the collection and dissemination of labor market information that provides local and statewide data.

- The employment security agency be the single state agency designated to deliver employability services to clients of income maintenance programs including unemployment compensation, Aid to Families With Dependent Children, food stamps, and state general aid programs.

- The Job Service provide labor exchange and employability services to all who have a need for these services including unemployment insurance claimants, veterans, migrant and seasonal farmworkers, youth, economically disadvantaged, welfare clients, displaced workers, and persons completing training; and those with barriers to employment such as minorities, refugees, handicapped persons, displaced homemakers, older workers, ex-offenders, and recovered substance abusers.

The provisions in S 2036 which fix the formula by which labor exchange funds are to be allocated to local service areas, authorizing the Secretary to make those allocations and harnessing those funds to PIC planning mechanisms, would seriously undermine the existing statewide labor exchange network. Administration of the labor exchange fund should remain at the state level. Resource allocations should be consistent with state policy requirements. Usually, this will conform to demographic criteria. But, occasionally, competing local demands for limited resources must be reconciled with statewide and national policies and priorities.

The provisions in HR 5320 would be close to the system we think works well if:

- The local service delivery area council membership included a Job Service representative (Sec. 102.(c)).
- The local service delivery area plan included assurances of nonduplicative service delivery (Sec. 104. (b)(1)).
- The local service delivery area plan included assurances that coordinated planning had been accomplished (Sec. 104. (b)(1)(f)).
- The resource allocation formula allocated two per centum of funds to the State agency which administers the local employment service offices to allocate to substate areas based on factors such as success with coordinated planning, exceeding performance standards, or to encourage developmental efforts (Sec. 501. (b), "Sec. 4. (a)(2)").

The provisions in S 2036 which require the Secretary of Labor to maintain a state and local, as well as a national, labor market information (LMI) program, are essential to an LMI system which will be satisfactory to state and local governments. The bill also emphasizes supply/demand data systems and information, placing responsibility for these parts of the LMI program in the organization in the state most competent to carry it out. We strongly support the inclusion of these provisions in the final legislation.

ELEMENTS OF SERVICE DELIVERY AND PROGRAMS

In California we have experimented with a number of programs and service delivery approaches, and state initiatives have allowed us to develop innovative programs. The lesson we have learned that needs underscored in any discussion of program elements is that flexibility is the key to developing programs that meet local needs. Overly prescriptive legislation that includes restrictive provisions sacrifices invention and adaptation to standardization. While we recognize the necessity for certain minimum standards, we urge greater flexibility in the following areas:

Program Elements--In building bridges between people and jobs, we have learned that no single type of program works best to solve employment-related problems. Variety in the type of problems and their setting demands variety in programs to ameliorate employment-related difficulties. Employment and training plans developed by the local council and the local service deliverers are most likely to take into consideration local factors and local needs which will contribute to program success. However, some models which have proven to be particularly effective should be made part of the legislation to ensure that their use is adopted where appropriate. We urge that legislation be sufficiently flexible to allow for:

--Employer based training such as we have developed in the CWETA program.

--Job trials in the private sector.

--Subsidized private sector work experience and on-the-job training in youth programs.

--Training which upgrades workers who have no other opportunity for advancement.

--Training which emphasizes skills transference for workers who have no prospect of returning to work in their present occupation.

—Services to older workers and refugees, increasingly important target populations due to demographic changes the Nation is facing.

Target Groups/Eligibility--Our experience over the years with program administration has taught us that eligibility to participate in a program is often the element which drives the type of programs that are developed. We think that the approach envisioned in the legislative proposals before us of developing training programs and employability services to prepare unemployed people for jobs in the private sector requires that eligibility for participation be broadly defined and flexible. We recognize that persons on income maintenance programs, economically disadvantaged persons, and unemployed youth are groups which have particularly pressing problems, and it is entirely appropriate that national legislation set forth the intent to meet the employment needs of these groups. Nevertheless, a local service delivery area may be experiencing a peculiar economic or demographic liability which warrants attention yet be unable to meet the needs of the individuals affected because of restrictive eligibility criteria.

We support some alternative method for reconciling the needs of special target groups with the need for locally based programs developed in response to local conditions. The percent of target group participants or the percent of funds that may be used for programs should be set for the state as a whole rather than each local service delivery area. The State Employment and Training Plan for service delivery would provide for the state's conformity to these legislatively prescribed proportions. Yet local service delivery areas could deviate from these proportions to meet local needs if the deviation could be accomodated in the State plan.

We recommend that:

- National legislation indicate the target groups which have priority in planning employment and training programs but allow sufficient flexibility to serve others experiencing difficulty in the labor market.
- Eligibility for participation in programs be broad enough to allow for eligibility criteria based on the need for upgrading, retraining, and skills transference training.
- The local service delivery area and its council be allowed the flexibility to determine the percentage of resources allocated to services for youth, other target groups, and non-economically disadvantaged, and these allocations which deviate from legislatively prescribed use of funds be approved in the State plan.
- Ratios of one target group to the other be set in the State plan with provision for negotiation between the Governor and the Secretary for timely waivers to provide flexibility to respond to exceptional circumstances within the state.

The provisions in HR 5320 and S 2036 do not differ markedly in eligibility criteria. We urge that the provisions be made more flexible by:

- Amending HR 5320, Sec. 202. (a)(2) to provide that the proportion of youth served be adjusted in relation to the local service delivery area plan and in accordance with the State plan for serving target groups rather than the population ratio indicator.

- Amending HR 5320, Sec. 203 (c) to allow for flexibility in the percent of non-economically disadvantaged that can be served in a service delivery area when the local council determines that circumstances warrant deviation from legislatively prescribed limits.

Stipends/Allowances--We recommend that stipends or allowances should neither be mandated nor prohibited. States should have the option to develop programs that may or may not utilize wage subsidies or allowances depending on local conditions.

LIABILITY

We support the language regarding audits and liability in S 2184, Sec. 204, Corrective Actions and Sanctions. These provisions allow the Secretary broad discretion in resolving disallowed costs and is responsive to our needs in regard to liability.

PERFORMANCE STANDARDS

Our experience with participation in the joint planning and operation of a variety of employment and training programs has convinced us of the need for legislation which requires that uniform definitions for key terms used in various employment and training programs be established. The current jumble of terms, methodology, and range of what constitutes a successful termination for a client of a program make planning between agencies and evaluations of programs almost impossible.

Legislation should mandate a uniform management information system related to the entire employment and training system. Recent efforts to develop an effectively integrated employment and training service delivery system under the Economic Opportunity Pilot Project (EOPP) in Long Beach, California, were severely hampered by the fact that four different reporting systems had to be used to meet the reporting requirements federally mandated for the four programs involved in this effort. Reporting systems must be designed to meet operational needs yet incorporate each element in the employment and training system in order to establish a data base from which broad informational needs could be drawn.

We recommend that:

- Program goals for local service delivery areas be set in the local plan and be subject to approval in the State Employment and Training Plan.
- State performance goals be negotiable with the Secretary if unusual circumstances warrant deviation from national standards.
- National standards for program goals set minimum acceptable standards of performance and provide incentives for exceptional performance.
- Performance measures be based on uniform definitions for all employment and training programs.
- A range of terminations be allowed to be counted as successful to permit a range of types of programs that can be operated.
- Successful outcomes be measureable within reasonable timeframes that take into account the costs and difficulties of client tracking.

ASSISTANCE FOR DISPLACED WORKERS

California has taken the lead nationally in the effort to develop innovative methods to deal more effectively with transitions from declining to expanding industrial sectors. An interagency task force, which includes several State departments, has implemented a program which provides early positive assistance to workers and communities affected by plant closures and related economic dislocations.

In responding to plant closures in a number of California communities, the Employment Development Department's experience has been that it is both appropriate and effective for the State to facilitate the formation of, and provide assistance to, local task forces designed to develop positive responses to plant closures and mass layoffs. Effective local task forces are typically composed of: one or more influencial local elected officials who play a major role in organizing and sustaining the effort; the affected employer and affiliate union; representatives of appropriate state agencies; local employment and training agencies; educational institutions; local lending institutions (for credit adjustment information assistance); and other community organizations. The Employment Development Department has provided leadership in facilitating the formation of a number of local plant closure task forces and assisting in planning appropriate local plant closure response strategies.

Major elements of plant closures response strategy include:

- Early assistance to communities in the development of efficient local plant closure responses;

- Involvement of labor, management, government and other public and private sector groups in implementing action strategies which address local needs in a cost-effective fashion;
- Early provision of information to affected workers regarding methods available to help them deal with the range of problems which they and their families typically encounter as a result of job layoffs;
- Skills assessment providing help to workers in effective job seeking techniques;
- Emphasis upon techniques designed to rapidly link the skills of displaced workers with existing employment opportunities and new job opportunities created through plant openings; and
- Use of existing Federal and State data systems as early warning signals to identify industries likely to experience major economic transitions.

We have provided the necessary leadership, coordination, and assistance to enable numerous California communities to develop positive adjustment strategies, aimed at transitioning workers and communities to economic growth sectors.

We recommend that:

- National employment and training legislation provide separate funding for aid to displaced workers.
- The legislation provide that the general process for responding to worker dislocation be addressed in a State plan.
- These general plans, not site specific plans, be approved by the local service delivery area.

The provisions in HR 5320 would provide for the rapid response to plant shutdown which we have found to be most effective in mitigating the long term effects of worker displacement. However, we have two concerns with the provisions in this bill and recommend that:

- Sec. 305, Prime Sponsor Review, provide for a review of general plans to operate such programs but not require approval for site specific plans which may delay the beginning of a program and thus reduce its effectiveness. This section should also provide for approval of general plans which involve more than one jurisdiction.
- Sec. 303. (a)(1), Matching Requirement, provide for a period of time that such programs could be operated, for example, six months, before matching funds are required.

APPENDIX II

ISSUES STATEMENT BY THE CALIFORNIA DEPARTMENT OF EDUCATION

The State of California has a history of pursuing strategies in the areas of employment, and the related education and training. In 1979 a study of vocational education and youth employment training in California:

- described the existing education and training systems
- discussed effective program strategies
- reviewed existing barriers to effectiveness, and
- identified potential changes

The results of that study have been relevant for California as we have developed policies in the areas of employment and training. These results, however, have even more significance as the federal government moves to implement block grants and to give more responsibility to the states for program leadership. It is with that responsibility in mind that we wish to share some of the findings and implications of the AB 576 report that we find relevant to the concepts being discussed at this hearing.

The underlying finding of the review of vocational education and youth employment training program undertaken pursuant to Assembly Bill 576 was that, with the expenditure of over $2 billion annually, associated with these and related programs, there is a need for clear and consistent state policy establishing their objectives in preparing youth for employment. There is currently limited state policy direction over a substantial portion of these funds, which are fragmented in a complex array of financing sources and delivery systems. There is a need for revisions in state and federal law to create (a) greater consistency in the funding and administrative provisions governing these programs and (b) increased coordination and articulation among them.

The review also pointed to the need for strong partnerships between employers, communities, labor and educational institutions at the local level in order to assure employment preparation for youth in occupational fields promising job opportunities. The study found that an integrated vocational education and youth employment policy in the state can build upon the successful efforts which have already been achieved in establishing such local linkages between business, industry, communities, and educational institutions. The review emphasized the particular value of providing vocational education linked with worksite training in those occupational fields promising significant economic growth and accompanying high levels of labor market demand.

The study also indicated the need for both innovation and flexibility in provisions which affect the financing and delivery of vocational education and youth employment programs, in order to address widely varying conditions and needs throughout the state. Innovations are needed (a) in procedures for financing of community college, adult education and secondary school programs, (b) to provide for better integration of funding of vocational education and youth employment training programs, and (c) to expand tax incentives for business and industry to participate in vocational education. These are necessary to promote allocation of funds to provide for efficient delivery approaches, to encourage expanded private sector involvement in training and placement, and to foster expansion of programs linking institutional and worksite training. In many cases, however--including training for various types of small businesses or for jobs at new industrial sites--it may not be possible for employers to be actively involved in providing training, and classroom-based programs or "skills" centers may be necessary to efficiently prepare students with the skills needed by employers.

The report emphasized the need for effective local and regional coordinating mechanisms to assure that these programs are well-articulated and responsive to current and emerging employment opportunities. It further pointed to the need for linkages between occupational preparation programs and various programs aimed at developing basic education skills among youth. The importance of this was highlighted by the consistent finding that prerequisites for successful job placement and retention among youth are fundamental writing, speaking, reading, and mathematical skills.

Unfortunately, the current draft legislation being considered by the Congress does not take into proper account the education delivery system. It is our concern that the educational system be an integral part of the coordinated approach to the problems of employment, and the current proposals do not ensure that result.

The need to have close coordination, cooperation, and joint actions among training, education, economic development, labor, business, and industry has long been recognized and diligently sought after. Such coordination and cooperation has been improving, but closer ties and relationships are needed. Unfortunately, the current proposals seem to be a step backward in searching for closer integration of the various agencies who deliver the needed services.

For instance, most informed individuals have recommended a strong emphasis on youth obtaining the necessary basic skills - reading, writing, computation, and employability skills.. Some of the bills being considered by the Congress reflect these recommendations, yet none of them provide for decision-making or fund allocation processes which will ensure that the primary deliverer of basic skills instruction - the schools - are given the responsibility and the necessary funds to provide such instruction to the target population.

While many of the bills refer to education and discuss the necessity for coordination and cooperation, they generally do not recognize that the educational system should have a specific role in the decision processes - federal, state, and local. Further, the bills fail to recognize that education as a generic term is not sufficient to ensure that the various components of the educational system - secondary, postsecondary, and adult - are represented at each level.

If education is a necessary component in addressing the problems of youth and adult employment, then education must be made a full partner. We need to build upon past efforts and successes, i.e., current interagency agreements and committees, to obtain a fully integrated attack upon this problem - education needs to be drawn in closer, not held off to the side.

"New" structures are not necessary; what is needed is to recognize the current organizational structures and put them into working relationships which will bring about the necessary integration. Education, labor, training, business, industry, and economic development organizations have to be full partners in the process so that each organization is called upon to deliver that portion of the required services that it is the most capable of delivering.

We recommend that the final legislation that comes out of the Congress include specific provisions for the necessary educational components be given the responsibility, the decision-making authority, and the funds necessary to provide those services which education is best able to provide.

APPENDIX III

ADDITIONAL TESTIMONY FROM THE CALIFORNIA DEPARTMENT OF REHABILITATION

I have two major concerns about the employment and training bills that are now being considered by the House and Senate: 1) the absence of any reference in the bills to the vocational rehabilitation system and the importance of its linkage with a federally supported employment and training system, and 2) the dropping of disability as a criteria for eligibility.

The proposed Employment and Training Act and the Vocational Rehabilitation Act are the two federally funded programs that concentrate on moving people who are vocationally disadvantaged into the labor force. Both programs should be closely linked in order to avoid duplication of services, to maximize the sharing and blending of expertise, and to permit the people with the greatest needs for employment training assistance to gain these services. At a time when there is strong bipartisan support for the reduction of conflicting regulations and eligibility criteria and the elimination of duplication in services, Congress is considering a bill that works to separate vocational rehabilitation and employment and training rather than bring them closer together.

It has been our experience with the previous employment and training legislation (CETA) that unless the rehabilitation agency is specifically mentioned in the law the needs of the disabled are largely overlooked. The idea that persons with disabilities have rehabilitation services and other economically disadvantaged people have CETA is one that vocational rehabilitation professionals have come up against time and time again. It is an idea that makes no sense because it essentially excludes the disabled from CETA and denies them equal opportunity to compete for the employment and training opportunities.

A primary linkage between the programs can be assured by the inclusion of the state vocational rehabilitation agency on the state and local councils. This would insure the needs of persons with disabilities would be considered and the expertise of the vocational rehabilitation programs would be available in the planning and implementation of employment training programs.

The most distressing part of the new employment and training bills, from our perspective, is that disability is no longer recognized as a substantial disadvantage to employment. As the bills now stand, only those persons with disabilities who receive cash benefits (SSI and SSDI) are eligible. I believe that this restriction is an error and is based on incorrect assumptions about disability and welfare.

An SSI recipient is typically an individual who is elderly or has been disabled since childhood, who has no work experience or work training and who has lived a relatively isolated and sheltered existence outside the mainstream of society. An SSDI recipient is typically an older individual with work experience who has become disabled later in life and who is considered relatively unable to work because of a wide range of factors. Many of these people can be helped to enter employment but the economic, attitudinal, and physical barriers they face are often formidable. As a group, SSI and SSDI recipients make up only 7% of the clients of vocational rehabilitation agencies.

There is almost nothing in common between people who are on welfare because they can't find work, and people who are on SSI and SSDI because of disability—but there is a great similarity between the non-handicapped on welfare and the people who are eligible for vocational rehabilitation. Both populations have a high potential for employment but are unable to reach that potential without additional training and other assistance. I can't believe that Congress considers the persons served by state rehabilitation programs as not sufficiently disadvantaged to qualify for employment and training assistance.

I strongly urge that language be added to extend eligibility to those persons for whom a disability is a handicap to employment (see attached). This is the same language that appears in the Rehabilitation Act and would insure that those rehabilitation clients who can benefit from a federal employment and training program can compete for the opportunity.

I would like to suggest that there are significant advantages to both the employment and training program and vocational rehabilitation from a close linkage and a matching criteria. The employment and training program will, in any case, be required by law to provide equal opportunity to persons with disabilities. A linkage with vocational rehabilitation would make this obligation far easier to meet. It's our job to help disabled persons become job-ready. We have a great deal of experience in adapting a work site to enable a disabled person to be employed, and we consider it our responsibility to provide our clients with the necessary equipment, adaptive devices, counseling, and other assistance that will enable them to perform well on the job. We can't make the employer's building accessible, but short of that we can assist in many ways to insure the successful employment of the individual. In many states, we have had such a relationship with CETA and it has worked well. I urge you to see that it continues.

EDWARD V. ROBERTS
Director
California Department of Rehabilitation
March 29, 1982

Representative HAWKINS. Thank you.

Miss Kososki, are you familiar with the provision in H.R. 5320 that provides for continuation of the National Occupational Information Coordinating Committee?

Ms. KOSOSKI. Yes, sir, I am.

Representative HAWKINS. You made reference to the failure to continue that program. I didn't know whether or not you were familiar with the fact that it is, in one of the bills, at least—I think it is not mentioned in the Administration's bill, and I don't know about the others—but I do know that is specifically mentioned in H.R. 5320.

Ms. KOSOSKI. Yes, sir. I strongly commend you for that inclusion. It is very favorable to the NOICC/SOICC network.

I would have only one question, and that refers to the placement of the NOICC under the U.S. Department of Labor. You know, one of the strengths of the NOICC/SOICC network at this point is the coequal partnership arrangement among the various statutory members, and I think we risk that coequal approach by putting it under any one of the statutory members. That would be my only concern.

Representative HAWKINS. I see. Just where would you structure the committee? I wasn't so clear on that. Mr. Pfeiffer, you may answer that. I think you mentioned structuring it elsewhere.

Mr. PFEIFFER. What we have done in Florida, sir, is we have located the State occupational information coordinating committee totally outside of State government in a nonprofit corporation. Each of the member agencies were concerned at the beginning that the location of the committee within a particular agency would subvert some of the activities to favor the particular agency. In that independent status, we have been able to operate in an unthreatening way to develop the information that is our charge.

I am not familiar with the similar statuses in Federal Government that can be achieved. I would recommend, however, that the current structure of NOICC does place it in a position that is at least quasi-independent, that does enable it to function as an independent organization.

Representative HAWKINS. You also made the point of there not being a clear purpose. I wasn't so sure whether or not you meant as to the overall purpose of the legislation or whether or not it was the purpose of the occupational information system itself.

Mr. PFEIFFER. The purpose of the act, sir, is quite clear. What I would suggest is a purpose statement that directs those technicians and statisticians who provide the labor market information pursuant to the act be given a specific charge with the funds that they receive for that purpose.

One common complaint of local planners is that the data provided through Federal-State cooperative programs is not tailored exactly to the types of decisions that they have to make. I would suggest that a purpose statement might help direct the Federal-State cooperative labor market information programs better to meet the needs of local people.

Representative HAWKINS. There is no such statement in any one of the proposals at this time?

Mr. PFEIFFER. No, sir.

Representative **Hawkins**. Could you prepare one for the committee and we will make it available to both the Senate as well as the House committee?

Mr. **Pfeiffer**. Yes, sir, I would be glad to.

Representative **Hawkins**. Miss Sunley, we certainly appreciate your testimony.

The subject of CWETA came up earlier today through Congressman Dymally, who has a proposal pending and which we have discussed with him using this model in some way in the pending legislation. So I am sure your statement in its behalf will be helpful to the committee.

Ms. **Sunley**. Thank you. Excellent.

Representative **Hawkins**. I have no further questions.

The Chair would like to thank the witnesses for their excellent testimony and their recommendations. We certainly look forward to working with you.

Thank you very much.

Mr. **Pfeiffer**. Thank you, Mr. Chairman.

Representative **Hawkins**. That concludes the joint hearings today. The joint hearings will continue tomorrow morning at 9 a.m. in this same room.

[Whereupon, at 2:25 p.m., the joint subcommittees were adjourned.]

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